

Strategy Formation in Chinese Universities

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Declaration

I certify that except where due acknowledgement has been made, the work is that of the author alone; the work has not been submitted previously, in whole or in part, to qualify for any other academic award; the content of the thesis is the result of work which has been carried out since the official commencement date of the approved research program; and, any editorial work, paid or unpaid, carried out by a third party is acknowledged.

A handwritten signature in black ink, appearing to read 'Ian Fraser'.

Ian Fraser

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The researcher would not have been able to embark on the research project without the assistance of a number of intermediaries or *zhongjian ren*.

In the thesis these people are referred to as "I₂" or "I₂", "anonymous informants" or their comments are summarised as "Extracts from field notes..." The contribution of these *zhongjian ren* cannot be overestimated. To put it simply, the research project could not have proceeded without their assistance.

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Abstract

This thesis explores the process by which Chinese universities carry out strategy formation. It aims to provide an insight into the lives of the managers of Chinese universities in the period 2002-2003 which was a time of transition from the regime of President Jiang Zemin to that of President Hu Jintao. Chinese refer to this period as the transition from the third to the fourth generation of leaders. "Strategy" was defined as a course of action aimed at achieving an organisation's purpose, and strategy formation was defined as including strategy development and implementation (DeWit and Meyer 1999). Answers were sought to the following questions based on data from a small number of universities using stakeholder theory to inform the data collection process:

- What is the process by which strategy development and implementation takes place in Chinese universities?
- How is the process applied in different types of universities?
- How can an understanding of strategy formation in Chinese universities assist in the development of joint ventures in China by foreign educational institutions?

One phase of the research was to build on the researcher's background experience to develop a picture of the working lives of managers of Chinese universities. The approaches that were used included literature searches, focus groups and informal conversations with a range of contacts, to provide background knowledge about possible research methodologies and of the institutional environments within which the Chinese managers conducted their daily working lives.

The method of data collection involved interviewing three levels of management in six different universities drawn from three major cities in China. The identity of the institutions and the individuals involved has been concealed by using code names for the universities and by describing the managers as "senior", "middle" and "program". As the study progressed and the researcher's understandings of the circumstances of the managers developed, the steps taken to conceal identities became more thorough. Unfortunately the need for confidentiality has meant that much of the

wealth of data held within the researcher's note books cannot be published, thus significantly diminishing the richness of the final product.

The researcher has been a teacher, negotiator, trouble shooter and relationship manager with Chinese universities for many years and has developed a network of contacts that provided assistance with the research. A number of intermediaries provided translations of documents, assisted with translations of interviews and provided advice on the background contexts of individuals and institutions. These intermediaries also provided detailed information on the meaning of words, the correct ways to approach senior Chinese university officials and on the role of the ubiquitous Foreign Affairs Office at each university. The research would not have been able to proceed in the absence of these intermediaries.

Chapter One introduces the research project. Chapter Two provides a picture of Chinese universities in 2002. It points out the differing foci that have been applied to universities by the Chinese government since 1949, with the first generation of leaders seeing universities as the means of creating a socialist citizenry via class struggle. The second and third generations of leaders saw universities as agents of modernization by creating intellectual and skilled elites to enable China to compete in the global economy of the 21st Century. Foreign universities were seen as useful sources of up-to-date teaching and learning methods and materials. The study was conducted over the period 2002 to 2003, which was a time of transition to the fourth generation of leaders who seemed likely to place more emphasis on the social responsibilities of universities. In 2003 new Laws and Regulations were introduced which gave the Chinese Government the power to approve or reject all foreign joint ventures in education and to audit projects on an annual basis.

Chapter Three describes some important features of Chinese culture, society and politics. The development of an understanding of these elements was an important step in the preparation for the process of data collection and analysis. A key point made in this chapter is that it is probably erroneous to assume that modernization in China means the adoption of Western values and culture. The chapter aims to explain the cultural, political and social context of the Chinese managers. The chapter concludes with a case study which explains the application of this knowledge to a series of events involving the launch of a foreign MBA program in China.

Chapter Four describes how the general approach to using stakeholder theory was discussed with groups of managers and administrators from Chinese companies and government agencies and found to be a useful framework for analysing the processes of strategy formation. It was found that assumptions based on the operations of Australian universities do not apply in China, particularly in the areas of work relationships, reporting and performance management, and in the conduct of research. Chinese universities are important political institutions in that they generate future social, intellectual and political elites as well as the skilled workforce that will contribute to economic growth. Initial assumptions about how the interviews would be conducted proved to be inaccurate, for example senior managers were never interviewed alone, no tape recorders were allowed, and many interviews were conducted in English. Issues that had to be managed included dealing with political sensitivities, communication across languages, lack of experience by the Chinese with qualitative research, the vulnerability of interviewees should they be found to be expressing provocative view points, as well as simply gaining access to the managers. These issues were addressed by utilising understandings of essential features of Chinese life such as hierarchy, reciprocity, face, social standing and connections and by developing an appreciation of the political and social contexts of the individuals and institutions in the study.

The only records of the interviews are the handwritten notes created by the researcher, usually within six hours of the interview. These documents record what the researcher understood was said by the interviewee, not necessarily what was actually said. One unexpected development which was of great assistance was that many of the interviewees spoke English which assisted the communication process to some extent. After word processing the eighteen interviews produced 100 pages of data. This data was analysed to detect categories of meaning and an assessment was made about the relative importance of various categories to managers by counting the number of times a response was made. It was assumed that the relative importance of a topic would be reflected in the number of times it was mentioned by the managers.

The key results are:

- **Describe the roles and purposes of universities in China**

The two key roles for universities were identified as serving the economy and industry and teaching values.

- **Should universities teach values?**

This question also served as a coded question about the role of the Communist Party of China. This question stimulated many responses and the responses reflected a wide range of views, from the view that held that universities should be agents of modernisation, to the view that the key role of universities is to develop a socialist citizenry.

- **Who are the key stakeholders?**

The key stakeholders were identified as the teaching staff, national and local governments, students, parents and enterprises.

- **What are the main interests of each stakeholder group and how do they pursue them?**

Governments were perceived as wanting universities to promote economic and social development and to increase enrolments, and as using their financial, regulatory and approval powers to pursue their objectives. Some inferences were drawn about the saliency of each stakeholder group as perceived by the interviewees.

Students and parents were seen to have graduate employment as their primary goal and as using their relatively new found powers of choice of institution and teacher and their ability to make complaints, as the means by which to pursue their goals.

Teachers were perceived as seeking job security with increased compensation, improved methods of teaching and the attraction of famous professors. The teachers' power seemed to emanate from the general shortage of suitable skilled teachers and from the need, felt by some of the managers, to include teachers in the strategy formation process.

Enterprises were seen as being primarily interested in recruiting graduates and this was the main channel by which they exerted influence.

- **What was the process by which strategy was developed and implemented?**

Three approaches to strategy emerged from the answers which involved the President making more or less unilateral decisions on strategy, a consultative approach with stakeholders and an approach that involved consultation with staff. A puzzling aspect of these responses was the relative absence of comments about the Party Committee, which according to anonymous informants, was the key decision making entity in Chinese universities with the power to approve or reject proposals submitted by the senior management.

All stakeholders tended to agree that strategy was implemented via performance management of staff involving detailed planning and reviews, and penalties and rewards according to performance.

- **What are the goals and objectives of foreign joint ventures in education and what lessons have been learned from dealing with foreigners?**

The responses indicated that there was a range of goals and objectives to do with improving the quality of the learning experience for Chinese students by introducing higher standards of learning materials, training Chinese teachers and providing them with international experiences so that they could gain global perspectives. There was a unanimous opinion that these ventures were not aimed at generating profits, however there was an acknowledgement that the funds generated were useful. Key lessons which had been learned from dealing with foreigners included the need to take a long term view and the need for time to bridge the gaps in cultural understanding, the need for effective communication channels at all levels in the hierarchy, the need for partners to be of equal status, and the need for relationships to be based on equality.

Chapter One

Introduction

1.1 Introduction

The genesis of this thesis occurred on October 11, 2000 at a seminar on the internationalisation of education in Shanghai. A Chinese partner university of RMIT was presenting a paper on the history of the relationship when the researcher was suddenly struck by the realisation that the Chinese partner had a very deliberate strategy for engaging with the outside world in selected locations and with partners which met predetermined criteria. This approach provided a significant contrast to the approach to international strategy at RMIT at that time. Over the next few years the researcher wrote about and gave presentations on the impact of China's entry to the World Trade Organisation. During this period, a range of questions occurred to the researcher such as where did the strategy come from and how had it evolved? Who were the stakeholders involved in development and implementation? What were the goals and objectives being pursued and how did these goals and objectives support City, Provincial and National Government priorities, if at all?

The researcher has been involved in resolving three major crises for RMIT in China. Each experience has developed his understanding of Chinese society and culture and the Chinese view of personal, cultural and commercial relationships. One of the outcomes for the researcher of undertaking this project has been the opportunity to deepen these understandings through the interviews which form the basis of this report. One early outcome of this project was a document titled "Hints for RMIT staff travelling in China" which is included as Appendix One.

The proposition investigated was that major stakeholders in Chinese universities play a key role in the process of strategy formation. Based on the researcher's previous experience, the major stakeholders were expected to be national and local governments, students and families, staff of universities and enterprises. The process of strategy formation was expected to be very similar across the different types of universities in the study. It was expected that some of the learnings to emerge from the study would be applicable to other types of joint ventures in China.

1.2 Background

Internationalization and globalization are becoming major fields of enquiry within comparative education with the interface between the local, the national and international becoming of great significance (Yang 2003). Globalization can be defined as a process of intensification and acceleration of worldwide interconnectedness in all aspects of human activities – economic, social, technological, cultural and political - which is driven by the expansion of reliance on market forces (Chen M. 2005). Globalization is impacting on universities in most countries through market competition and the effects include internationalization. Internationalisation refers to the reciprocal exchange of people, ideas, goods and services between nations and cultures (Yang 2003).

According to Osborne (2002) internationalisation of education encompasses two distinct approaches. One approach involves the promotion of academic links, the development of joint programs and the enabling of staff and student mobility. The other involves the export of higher education to generate revenue which for many universities is a necessary offset to declining government revenue. Thus education is no longer a public good but a commercial service, which for many countries, is included in the General Agreement on Trade in Services.

Rizvi (2004, p.1) states that

The idea of offshore education (increasingly called “transnational education”) is complex, covering a whole range of financial, institutional and pedagogic arrangements. At the most basic level it refers to educational arrangements that necessitate the crossing of national borders ...

The researcher has been involved in transnational education in China as an academic, a manager, a negotiator, a trouble shooter and researcher. Most of the researcher’s experience in China can be described as a facilitator of trade in services. The then RMIT Faculty of Business began its involvement in China in 1990 via a management development program conducted as part of an Australian aid project for the Chinese Iron and Steel Industry. The Faculty has been conducting academic programs at Diploma level in China since 1995. The RMIT Diploma program in Wuhan was the first foreign diploma program authorised by the Chinese

Government. The researcher had been personally involved in the establishment and delivery of the following programs since 1995:

- English and Diploma program at Wuhan University of Science and Technology, Hubei Province
- Diploma and Degree and Masters programs at Shanghai Institute of Foreign Trade, Shanghai
- English and Diploma program at Nanhai Campus of South China Normal University, Guangdong Province

In China foreign academic programs have always been supposed to operate within the legal framework however this had not always been the case prior to 2005. The business programs offered by RMIT were subject to the appropriate approvals with diploma programs approved by the relevant Provincial Authorities (Ke 1999) and programs at Degree level approved by the Academic Degrees Office of the State Council in Beijing. The RMIT Degree in Transport and Logistics was the first joint undergraduate project authorised by the Chinese Government in December 1999 (Xu 2000). By 2002 about 45 foreign degree programs had been authorised by the central government (Jiang 2002).

Overall, in 2002 the development of foreign diploma, degree and postgraduate joint programs in China appeared to have taken place on an ad hoc basis with many foreign programs operating without proper authority (Jiang 2002). As the Chinese economy had become more integrated into the global trading and financial system, so the phenomenon of partnering with foreign universities by Chinese universities was coming to be seen in a transnational as well as a national context. The Laws and Regulations on Chinese Foreign Education Cooperation which came into operation in 2005 represented the Chinese Government's intention to ensure that such ventures supported the national objectives of China by ensuring the provision of high quality education by foreign institutions.

Xu (2002) noted that foreign joint education ventures have been keenly sought by Chinese institutions and that they are strongly supported by most stakeholders within universities:

- Chinese University Presidents and Deans tend to support these projects because they make a contribution to university revenue, enhance public profile and also assist with the retention of high quality staff;
- Chinese academic staff support the programs because they offer the opportunity to increase earnings and improve career prospects; and
- Chinese students and their families support foreign academic programs because they offer opportunities for:
 - Employment in joint venture enterprises; and
 - Further study in foreign universities.

Also, in the experience of the author, National and Provincial Governments have supported these programs where:

- Where they are of high quality;
- Where they contribute to social and economic development by helping to meet strategic priorities;
- Where there is a “technology transfer” of western education methods and resources to Chinese teachers; and
- Where there is a development of the students’ ability to analyse and solve problems and to think creatively.

1.3 Key Drivers

According to Rizvi (2004, p.1) Australia has been one of the most “innovative, entrepreneurial and aggressive” countries in the field of transnational education. The total number of Australian offshore programs rose from 25 in 1991 to almost 1600 in 2003. In 2003 in China, Australia was second only to the United States in joint foreign ventures in education with 146 compared to 154 for the USA. Canada was third with 74 (Sun 2004; Zhang 2003).

Key drivers for Australian universities becoming internationalised have been financial, where continuing reductions in government funding have led universities to seek sources of revenue to support the costs of educating Australian students from other sources including international operations, plus a range of motivations to do with the internationalisation of education in Australia. Internationalisation is often expressed

in activities such as student and staff exchanges, study tours, and joint research projects which do not necessarily have the primary goal of generating marginal revenue (Osborne 2002).

The growth of Australian offshore education programs has been supported by the Australian government because it has concluded that transnational education is valuable in promoting its economic and political interests, especially in the Asia Pacific region by “performing the tasks of public diplomacy” (Rizvi 2004, p.1).

In contrast, key drivers for Chinese universities becoming involved in transnational education have included:

- The changing requirements of different levels of governments:
 - By joining the WTO, China accelerated the process by which its economy has become integrated into the global trading and financial system. This means that China needs people who understand international business, can conduct business in foreign languages and have some understanding of business, social and political practices in other countries (Mohrman 2003);
 - Provincial governments in particular desired that the education system support strategic priorities by producing graduates in appropriate fields (Jiang 2002);
 - The National Government had aimed for higher standards and economies of scale. The 1993 decision at national level to establish 100 world-class universities was an expression of the desire to move to larger scale, internationally recognised universities; and
 - Proliferation of privately owned institutions of higher education and the requirements for state owned universities to generate funds to contribute to expansion increased the need to adapt and compete in a more market oriented environment (Hao 2000).
- The legacy of the previous State dominated system, which meant that:

- Presidents have had to wrestle with the need to develop projects that generate funds and accept responsibility for financial performance while at the same time operating with a quality assurance system which is heavily State controlled (Wu2001; Wang Y. 2002);
- In 2002 presidents also had to deal with a professoriate, a proportion of whom were severely underpaid, while there were also a large number of non-contributing, effectively redundant personnel. The increasingly competitive environment meant that there was an outflow of talented academics to foreign universities and to work in foreign joint ventures. One side effect that was identified was that academics' "day jobs" were suffering as old learning resources were recycled to enable teachers to spend more time on their second jobs in consulting, running their own businesses or teaching in foreign award programs (Postiglione and Jiang 1999; Xu L. 2002).

1.4 Research Objectives

This research project involved conducting a descriptive and exploratory study aimed at developing a picture of the process of strategy formation in Chinese universities from the point of view of the individuals who both contribute to and are responsible for, implementation of strategy.

In this study answers to the following research questions were sought using data from a small number of universities:

- What is the process by which strategy development and implementation takes place in Chinese Universities?
- How is the process applied in different types of universities?
- How can an understanding of strategy formation in Chinese universities assist in the development of joint ventures in China by foreign education institutions?

Sub questions which were framed in the initial stages of the enquiry included:

- What are the roles of universities in China?

- Who are the key stakeholders?
- What are the interests and goals of different stakeholder groups?
- What elements make up the bargaining power of stakeholders in the strategy formation process?
- How do they exert influence?
- What is their order of priority in terms of importance in decision-making by managers?
- What can be concluded about the attributes – power, legitimacy and urgency – of the stakeholders that Chinese Universities must deal with? What are the consequences for strategy?
- How is strategy developed and implemented in Chinese universities and how are outcomes measured?
- What is the role, if any, of individuals in strategy formation?
- Are there any common elements in the experience of partnering with foreign universities that can be derived?
- What advice might emerge for foreigners seeking to develop joint ventures in China?

1.5 Significance of the Research Problem

According to Yang (2002) and Zhang (2003) research on internationalization of higher education is underdeveloped and fragmented and primarily based on American and European experience. Yang (2003 p288) states that there are “too few studies of the implications of the globalisation processes grounded in detailed examinations of particular historical and geographical times and spaces ... Empirical comparative studies in internationalisation of higher education, particularly in less developed countries, are badly needed”. As the second largest economy in the world with more than 50 per cent of global manufacturing capacity, and generating 13 percent of global Gross Domestic Product, China is a major world economic power. For Australia, China is the major market for a range of mining and agricultural exports and Chinese students form a rapidly growing segment of consumers of Australian education exports. Australian universities are enmeshed with Chinese universities through activities such as joint research, student and staff exchanges, study tours and joint academic programs. In 2005 China provided 42 percent of the 188,000 international students studying in Australia. There is an increasing number

of students studying for an Australian qualification in China with about 30,000 students enrolled in transnational programs (Elsen-Green 2006).

The phenomenon of partnering with foreign universities by Chinese universities should be seen in a global as well as a national context, as part of the Chinese economy becoming more integrated into the global trading and financial system. For example Altbach (1997) made the point that there is a global trend to increase the contribution of individuals to the cost of education, reflecting factors such as:

- The high and growing demand for university places;
- The unwillingness of populations to pay higher taxes thus reducing government ability to fund higher education; and
- A growing public consensus that education is a private good.

In Australia in the period from 1995 to 2003 private spending on education increased by 85% (O'Keefe 2006).

Issues facing Chinese and Australian universities are similar, focusing on how to meet the increasing demand for higher education with decreasing resources available from governments. However, the political, social and cultural contexts for Australian and Chinese universities are quite different with the Chinese government investing heavily in its universities to raise standards generally and at the same time to develop a few world class institutions (Elsen-Green 2006). In contrast between 1995 and 2003 public spending on higher education in Australia fell by 7% according to the Organisation for Economic Co-operation and Development (O'Keefe 2006).

In China there are also more specific concerns as expressed by Hao (2000) where Chinese higher education is seen as providing a base for training qualified personnel to enable rapid social, technological and economic development. Hao identified the major issues for China as:

- The conflict between growing demand for higher education and the low resources input;
- Issues connected with the transition from a centrally planned to a socialist market economy; and
- Issues to do with the need to raise the quality of higher education in the areas of meeting diverse needs and developing creativity and initiative in analysing and applying knowledge.

As most Universities are State owned entities, it could be argued that the official Communist ideology plays a role in restraining the pursuit of goals such as developing creativity and initiative.

This thesis attempts to improve the understanding of outsiders of the impact, at university level in China, of expanding economic globalization and changing international relationships, on strategy and functions (Yang 2003). The development of an understanding about the process of strategy formation in Chinese universities should assist foreign universities and government agencies seeking to develop relationships in China. It should also contribute to the development of theory in the areas of internationalisation and the development of transnational education. The answer to the question on the applicability of the learnings derived from this study to other foreign joint ventures in China may provide practical assistance to foreign education institutions looking to establish operations in China and to those wishing to analyse the reasons for the failures of foreign ventures in China.

China is investing heavily in its universities (Elsen-Green 2006) because the government places great store on education as the supplier of the skilled and talented workforce required to maintain strong economic performance and to help Chinese business move to the next phase of development where they are competing with other multi-national companies in third markets (Mohrman 2003). Also the highest ranked universities are seen as the source of future generations of political leaders. Thus Chinese universities are highly significant state owned enterprises, which possibly explains the sensitivities of the some of the interviewees which is referred to in chapter four. This chapter provides some approaches for future researchers wishing to enquire into the strategy formation process in State owned enterprises.

The management structure in Chinese universities is often not well understood by outsiders.

Yet Chinese universities have one aspect totally unfamiliar to an American administrator. I was told that the president and the key vice presidents act "under the leadership of the [Communist] Party". On every campus there is a party secretary and vice secretaries, paralleling the structure of president and

vice presidents. In schools and departments this structure continues. (Mohrman 2003b p16)

Some of the implications of this dual management structure are explained in the methodology chapter. A very sensitive approach was required to gain permission to undertake interviews. The interviews themselves were conducted on the basis of guarantees of confidentiality and guarantees that records of the interviews would be kept only by the researcher. On some occasions the interviews were conducted away from the university. There was a general nervousness about being observed in lengthy conversations with foreigners.

It is rare in studies of Chinese universities to find information about how strategy is formulated, derived from discussions with managers who have to operate at the interface of the Party, governments, university management, parents, students and teachers. The interviewees who supported the research have the task of balancing the sometimes competing interests of these groups and adjusting to the changes in the political winds. The act of revealing the role of the Party Committee to a foreigner entails political and personal risks to Chinese university staff which could translate into failure to be promoted, demotion, sacking or even being charged with revealing State secrets.

The research methodology developed in response to the issues of conducting research in Chinese society may contribute to an understanding of the approaches required to conduct qualitative research in China involving senior officials and managers. For example many of the basic assumptions of western qualitative research were not be able to be fulfilled when seeking interviews with people in senior positions in Chinese universities.

There are few studies of the impacts of regime change on universities in China. This thesis illustrates the debates in 2002 about the possible future role and organization of universities in China. These debates were occurring at the end of a regime which had promoted China's Open Door policy to the world and had devolved responsibility for most universities to local authorities. During the conduct of the interviews which form the basis of this thesis the new regime began to progressively take control of the organs of the State. The approach of the new regime to the role of universities

and the outside world is quite different to its predecessor with a focus on suppressing dissent and the promotion of a strong sense of nationalism as a way of overcoming social unrest.

The use of stakeholder theory to provide a framework for the conduct of research in China and to interpret the results is rare. There is no literature available in English which identifies the key stakeholders in Chinese universities and assesses their influence on strategy formation.

There are few studies which provide guidance for foreign universities wishing to develop relationships in China. Much of the knowledge and know-how in this area is held by foreign university staff experienced in dealing with Chinese universities. Given China's desire to develop world leading universities and to become a net exporter of education (Elsen-Green 2006) there is a need to develop an understanding of the goals of Chinese universities when they seek to engage with foreign partners. China is a complex and difficult environment and there is a need to for foreigners to understand the short and long term aims of partner institutions and how these are influenced by the CPC. This thesis provides some insights into the benefits sought by Chinese universities in pursuing relationships with foreigners.

1.6 Research Methodology

The research method involved conducting a descriptive study which sought to develop a picture of the process of strategy formation as perceived by the individuals who were responsible for managing various aspects of university organisations. The methodology finally deployed was developed as a result of the researcher grappling with the difficult issues of conducting qualitative research in Chinese society. This methodology involved a preparatory phase where the general approach of using stakeholder theory as a framework for explaining strategy formation was discussed with groups of Chinese managers and three focus groups. A paper on issues facing Chinese universities was presented at the 15th Annual Conference of the Association of Chinese Economic Studies Australia and published as a refereed conference paper. A paper on the research methodology was presented to the 2004 RMIT Research on Research Conference.

The data collection phase involved in-depth interviews with eighteen managers from six universities located in three cities in China. The managers came from different levels of the organisations and included Presidents, Vice Presidents, Deans and academic program managers. In the report the interviewees are described as senior managers, middle managers and program managers. The records of the interviews were made in notebooks maintained by the researcher as no interviewee agreed to be tape recorded. In addition, comments about the context of each interview, personal reflections, ideas and emerging themes were recorded. The records of the interviews were word processed into 100 pages of text and analysed using colour coding to identify keywords which were grouped into emerging themes and categories to determine the number of times mentioned. The word counts were recorded and converted into the data displayed in Appendix Four.

1.7 Shanghai

As noted earlier the genesis of this study took place in Shanghai. Shanghai has a long history as a key contact point for western influences and is one of the most economically significant cities in China. In 2002 in Shanghai there were eight "National Key Universities", thirty-two State owned Universities funded by the Shanghai Municipal Education Commission (SMEC) and six privately owned universities (Jiang 2002). There were also about one hundred and eleven projects or 20 percent of the foreign education joint ventures in China located in Shanghai (Sun 2004). These ventures included joint post and undergraduate programs as well as vocational diploma programs.

In 2002, the Shanghai Municipal Education Commission (SMEC) intended to review joint venture foreign degree programs with a view to increasing the overall quality of programs available to the public and the benefits provided to Chinese universities, particularly those funded by the City. At the time the view of the SMEC was that there were too many TAFE and MBA programs in Shanghai and that some foreign universities were simply 'selling degrees' (Jiang 2002). In future, priority was to be given to projects that involved the establishment of new disciplines and updating existing disciplines.

The number of foreign partnerships that universities in Shanghai could enter into was to be limited. The idea was that each foreign educational institution would be able to have only one partner institution in Shanghai in each academic discipline/field. Also as China had recently entered the World Trade Organisation, the national Ministry of Education was given the task of amending the laws relating to foreign education joint ventures and the relevant approval processes. Municipal and Provincial Governments were also in the process of amending their regulations. The outcomes of this activity were the new law and regulations which were implemented in 2005.

1.8 Foreign Universities

A topic of ongoing interest to the researcher has been the process by which Chinese universities have partnered with foreign universities to develop and implement strategy.

Issues for foreign universities wishing to operate in China include:

- establishing that there is a market for the program;
- ensuring that the operations are conducted within the legal framework:
 - that authority has been given by the relevant government agency;
 - that authority to remit funds offshore has been given by the provincial authority;
- ensuring that issues to do with quality assurance have been addressed, for example, English language standards, moderation of assessments etc;
- ensuring that issues to do with intercultural communication and understanding are addressed from both sides; and
- taking account of the technology compatibility requirements in terms of the technical, operational and financial aspects.

Part of the research project involved seeking to identify the goals of Chinese university managers in entering into foreign joint ventures and the lessons that they had learned from their involvement in these projects.

1.9 The Limitations of the Study

The research method involved conducting a descriptive study which sought to develop a picture of the process of strategy formation as perceived by the individuals who are responsible for managing various aspects of university organisations. It involved interviewing managers at three levels in six Chinese universities.

There are over one thousand institutions of higher education in China thus the results of interviews conducted at six universities with three different levels of management could not in any way be regarded as providing a comprehensive overview of the process of strategy formation in Chinese universities. Rather the results should be regarded as a snapshot in time of the particular private and public worlds of the managers in the six universities in the study. It is unlikely that the study could be replicated in the sense that the pace of development in China is very rapid, thus the prevailing set of circumstances at the time of the interviews will have changed and the people moved to different positions by the time the research is published.

The particular circumstances of the researcher are probably unique in that his social status meant that there was rough equality between the researcher and the interviewees. Also the researcher's prior knowledge of China and Chinese ways enabled him to adopt the role of "honorary insider" with alacrity. An example of this knowledge in action is understanding the difference between a formal and an informal banquet and the requirements of polite social intercourse in terms of the etiquette of seating, eating, drinking and conversation. The researcher who can apply this knowledge can move to the non-task sounding phase of developing relationships. Another example is where the researcher can demonstrate an interest in and knowledge of Chinese history and geography he may be readily accepted as an honorary member of a *guanxi* network even though he is a foreign barbarian. Other researchers may not necessarily possess these attributes.

Many of the researcher's initial assumptions about the conduct of the interviews proved impossible to be fulfilled. No interviewees agreed to be tape recorded thus the records on which the report is based are held in the notebooks of the researcher. Also the process of translation for many of the interviews and the difficulties around

the meaning of words like “strategy” in Chinese and English illustrated how words can have different meanings and be loaded with different values in different languages.

The need to conceal the identities of the institutions and individuals involved in the study has meant that much of the information that would have added richness and density to the report cannot be published. This is important for the individuals involved, as there is always the possibility of being charged with revealing state secrets as the ultimate sanction for engaging in discussions with foreigners.

Thus it cannot be said that the study is a comprehensive survey of strategy formation in Chinese universities. It is a study limited in time and space, given that the six universities studied are located in a small number of large cities and the study was conducted over the years 2002-2003.

1.10 Main Argument

The thesis presented in the following pages is that managers of Chinese universities perceive that:

- the major stakeholders play a key role in the process of strategy formation;
- the major stakeholders include national and local governments, students and their families, academic and administrative staff of universities;
- the process of strategy formation is expected to have at least some similarities across the different types of universities in the study; and
- the learnings about the processes required for the successful development of joint ventures in education that emerge from this research may be applied to other joint ventures in China.

This thesis is presented in the following chapters. Chapter Two provides a review of the literature describing the state of universities in China at the beginning of the 21st century and raises the key issues confronting managers and potential roles for foreign universities in China. Chapter Three provides a literature review covering some key elements in Chinese culture, society and politics that have exerted major influences on the research methodology. There has been very little research

published on the operations of state owned enterprises, in particular on the operation of universities. There are only a few studies that have utilized stakeholder theory as a framework for examining strategy formation. Chapter Four describes the research methodology and how the issues of reliability and validity were addressed. It is noted that the records of the interviews are held in the notebooks of the researcher. They are records of exchanges conducted in English, sometimes from translations. Thus there is a lack of reliability in the data which means that computer based statistical analysis would have been an inappropriate tool to use in analysing the data.

Chapters Five to Nine report on the outcomes of the data analysis and provide a discussion of the results for each level of management in the survey. Each chapter is structured in a similar way using numerical analysis of the responses of each level of management together with quotations to inform the commentary provided by the researcher. These chapters describe the responses of the interviewees to questions on the purposes and roles of universities in China, identification of the key stakeholders, identification of the stakeholders' interests and goals and the methods by which they pursue these interests, descriptions of the processes by which strategy is developed and implemented, the goals and objectives of foreign joint ventures in education from the Chinese perspective and the lessons that have been learned from dealing with foreigners.

Chapter Ten summarises the findings of, and draws attention to, the limitations of the study. Implications of the research and recommendations for further studies are also presented.

Chapter Two

Literature Review -

Chinese Universities at the Beginning of the 21st Century

2.1 Introduction

There is very little research published in English into the operating environment, strategy development and implementation, and operational issues for Chinese universities. This chapter provides some background on the history of the Chinese higher education sector and the issues which were current in 2002.

From 1949 to 1978 under the first generation of leaders the Chinese education system was focused on the political goal of class struggle (Zhang 2003). However from 1978 to 2003, under the second generation of leaders, a key part of the reform process was the goal of modernisation for educational development. Instead of being a forum for class struggle, education became the key to progress (Burris 1990; Mohrman 2003). The Chinese government saw the trend to economic globalisation as an historic opportunity for China to catch up with the developed world and achieve rapid economic development. The education system was restructured according to the perceived pressures of economic globalisation (Zhang 2003).

The role of education and of universities in China is a source of continuing debate within the Communist Party of China (CPC) as a result of conflicting orientations toward education among its factions. According to Zhang (2003) education is expected to achieve goals which could be considered to be incompatible. On the one hand education is expected to drive modernisation by identifying and preparing intellectual and skilled elites who are to serve as the agents of modernization. This requires an emphasis on higher education and the importing of educational resources which are regarded as critical to the modernisation process (Zhang 2003). On the other hand; education is also expected to be the primary incubator of a new socialist citizenry and a self-reliant nationalism inclined to reject foreign models and pedagogies. This requires an emphasis on mass education including primary and adult education (Zhang 2003). These ideological and philosophical disagreements translate into conflicting priorities such as preferences for general basic education, or for vocational and occupational skill training for many young people, or universal basic numeracy and literacy with limited access to post-basic education and training (Rong and Shi 2001).

It can be said that under the second and third generation of leaders from 1978 to 2003 the school of thought that regards universities as key components in the opening of China to the rest of world tended to be most influential. However from 2003 there were signs that the new regime of Hu Jintao would place more emphasis on the social responsibilities of Chinese universities. This emphasis is part of a larger agenda responding to the widening gap between the coastal and inland provinces. Expenditure on education in China was around 2.5% of GDP in the 1990s. In 1996 China spent 2.4% of GDP on education compared to the world average of 5.2% of GDP and 4.5% of GDP for Asian countries (Rong and Shi 2001). In 1997 the illiteracy rate was 16%. About 9% of the population had 12 years of schooling and about 2% had completed 3 or more years of post secondary education. Expenditure per child on education in 1997 varied from 2786 yuan in the richest provinces to 422 yuan per child in the poorest (Rong and Shi 2001). These inequalities in education opportunities led to occupational and income gaps between the coastal urban business elites and the peasants of remote and inland areas (Rong and Shi 2001). A primary challenge for managers of Chinese universities was responding to changing political winds which had brought with them shifting official attitudes towards the role of the public and private sector in the provision of higher education, the impact of the limited introduction of market forces which has led to institutional consolidation and curriculum reform, and the inclusion of new disciplines, and new forms of human resource and financial management to meet the new paradigm.

This chapter reviews the literature on the state of Chinese universities in 2002 at the beginning of this research project. It forms a background to the study of Strategy Formation in Chinese Universities. It presents a macro policy level view covering ideas and concepts as well as economic and social contexts. The chapter is the outcome of a literature review of English language literature on the topic augmented by assisted translation of Chinese language literature on current issues facing Chinese universities, combined with initial exploratory investigations via focus group interviews and informal conversations with individual managers of Chinese universities.

2.2 Methods

This survey of issues current in 2002 was conducted via a literature review and focus group interviews. Some Chinese language literature was accessed using the assistance of translators for written texts. The methods involved discussing the contents of the paper with the interpreter over sessions of several hours in duration. Some papers were translated in summary form. Two focus groups were conducted with staff from an RMIT partner university. Although permission was obtained to identify the participants the researcher has chosen not to do so based on his understanding of the personal circumstances of university managers in China. The first focus group consisted of middle and senior managers from a Chinese University. The aim of this focus group was validation of the approach to be used in the interviews and the topics of importance for discussion as potential items in the semi-structured interviews, which were to form the basis of the data collection phase of the project. The participants were chosen because they represented the levels of management that were expected to be involved in the survey – a senior manager, a Dean and a Program Manager. All had some experience in the USA, Europe and Australia. Two members were fluent in English. These people represented senior, middle and operational levels of management.

The second focus group consisted of university academics of less than 5 years experience. The aim of this focus group was to gather feedback on an early draft of this chapter. The second group was chosen because they were all under 35 years of age and had been involved in delivering courses accredited in an Australia university with some lecturers and learning resources provided from Australia. These academics have responsibility for contextualising the material and in time can be expected to play an increasing role in the face-to-face aspects of the program. All three are fluent in English and have some professional development experience in Australia. The fact that this group is from a different generation to the group referred to in the previous paragraph meant that their perspectives on some issues were different to those of the older and more senior group.

Interviews about the issues being researched were also conducted with a range of Australian and Chinese academics, program managers, research scholars and education administrators:

Roger Bell, (2001 and 2002) Program Manager (Wuhan), RMIT Business
Huang Yejing, Research scholar at Shanghai Academy of Social Science
Hua Quankun, Vice President for International Programs, Anhui University
Xu Lilai, Program manager (Shanghai) RMIT Business
Jiang Yanqiao, Director International Co-operation and Exchange, Shanghai
Municipal Education Commission

These preliminary unstructured interviews were conducted as part of the process of gathering contextual information to assist and deepen the researcher's understanding of the Chinese higher education system. Records of the conversations were made as soon as possible after the event. Analysis of the interviews was limited to reviewing the content in the light of the themes being pursued in the research. Feedback was also sought on earlier drafts of this chapter from some of the participants. Each of the participants has granted permission to be identified.

Earlier versions of this Chapter have been published as part of the Working Paper series of RMIT Business and as a refereed conference paper presented at the Fifteenth Annual Conference of the Association for Chinese Economic Studies, Australia, 2003.

2.3 Background

Since 1978 China has been undergoing a process of reform including a major transformation in the institutions that allocate resources within the country. There has been a recognition that economic success depends on the integration of investment strategies and organisational learning in enterprises that will have to compete for domestic and global markets. Resource allocation has shifted from being the key role of the State to a system that is more orientated to market competition (Qiqwen and Lazonick 2001). This transformation is neither uniform nor inevitable. For example while the higher education sector has been deeply affected by the shift to greater market orientation there is also great ambiguity about priorities. In 2002 there were many apparent contradictions in educational policy such as fiscal decentralisation versus accountability, local control versus national control, priority versus equality, quality versus quantity, and privatisation versus government control. While some responsibilities which were exercised by the

Ministry of Education had been devolved to local authorities and institutions including aspects of curriculum, hiring of professors and internal allocation of funds, many key decisions were still made in Beijing (Morhman 2003a).

This chapter sets out a brief history of the sector, a summary of the situation as it was in 2002 and discusses some of the issues current at the time. Please note the following comments on everyday terminology used in conversations with Chinese academics and scholars which provide a background to this study.

2.3.1 The Chinese Higher Education Sector

Prior to 1980 universities were part of the planned economy with enrolments, job assignments, staff and student numbers, facilities and budgets all determined either by the central or local authorities (Mohrman 2003a). However by 2002 there were only about 100 universities directly controlled by the national government with the rest being under the control of local authorities (Mohrman 2003a). In 2001 there were 1225 universities and 686 adult higher education institutions which enrolled about 4.6 million students (Xu L. 2002). Adult higher education colleges offered part-time non-degree programs called "*dazhuan*" which required three years of study. Some of these institutions were able to offer Bachelor programs in conjunction with a university and some were affiliated with universities. Examples of these colleges include University Distance Education Schools, TV Universities and institutions established by the Communist Party and City Provincial Governments to train Party and Government officials (Xu L. 2002). This study focuses on Universities exclusive of adult higher education institutions.

In the 21st century reform of universities has aimed at improving the quality of both elite and mass education. Special funding described as "the 985 Program" and "the 211 Project" has been provided to China's most prestigious universities with the aim of raising them to world class standards and special attention has been given to the 100 key universities to enable them to offer popular majors such as law, commerce, science and languages. At the mass education level there was an effort to improve the overall standards at universities in the areas of staffing, materials and facilities. (Fladrich 2006)

2.3.2 985 Program

In May 1998, the 985 World-class University project was launched by then President, Jiang Zemin (Hayhoe and Pan 2005). The 985 project has as its goal, the creation of world-class universities in China. Nine top ranking institutions were selected to receive special three-year grants for quality improvements. These grants were awarded in addition to the special support provided by the 211 Project and involve large sums, for example in the first round of funding Peking University received 1.8 billion yuan (U.S. \$225 million) (Mohrman 2005).

2.3.3 Project 211

The 211 Project involves special support in order to develop one hundred top ranking universities for the 21st Century. The project was announced in 1993 and all universities were invited to make strategic bids to become part of the top one hundred (Hayhoe and Pan 2005). The 211 Project has tended to focus the resources of the central government on key universities resulting in a reduction in the number of universities receiving support from the national government (Mohrman 2003). Universities participating in the 211 Project are encouraged to co-operate with foreign education providers to improve the quality and scope of courses, as well as institutional infrastructure (Hua 2002; Xu L. 2002). Universities which are part of the 211 Project and the 985 Project have to meet stringent performance targets in order to maintain their funding (Hua 2002). The 211 Project also created the CERNET, an internet connection for all Chinese universities and CALIS which is a system for sharing library resources and academic materials. (Mohrman 2003)

2.3.4 Non-government owned institutions or *Min Ban*

A “*min ban*” college or university is a non-government owned institution (Huang 2002). In rural areas *min ban* primary schools have traditionally been funded by local communities and have operated with the sanction but outside the direct control of the State Education Commission or Provincial Education Bureaus. From 1980 onward *min ban* institutions have emerged to play a significant role in China (Turner and Acker 2002). In 1980 the development of private vocational and educational training centres was permitted. By the late 1990’s China had formally allowed

foreign educational institutions to embark on joint ventures with Chinese institutions (Turner and Acker 2002).

2.3.5 University Collaborative Projects or *Gongjian*

"*Gongjian*" refers to co-building collaborative activities between universities and provincial governments and/or industry introducing market forces as an influence on the operations of the university.

2.3.6 Marketisation

"*Marketisation*" referred to the process of universities becoming less dependent on government funding which was sometimes described as allowing universities to be funded by social forces. It involved a shift from a centrally planned and regulated model to a market-based model with greater autonomy for universities. However central control continued in the form of increased accountability for outcomes. (Mohrman 2003) The new leadership of China under President Hu Jianto which assumed full control in mid-2004 has placed more emphasis on social and rural development rather than on increasing the influence of social forces (Xu, L. 2004).

2.3.7 Work Unit or *Danwei*

The concept of "*Danwei*" applies to all work units. It is the "basic unit of individual identity" in China (Hutchings 2000, p. 97). At one level the danwei are employers but at a deeper level the danwei provides not only work but also a range of benefits ranging from accommodation to schooling. In universities it includes a requirement whereby academics are required to repay universities for money spent on their professional development should they move to another institution (Bell 2001; Li, Sun, Yan 2002).

2.3.8 Personal File or *Dangan*

The "*dangan*" is a record which is maintained on almost every urban resident, and records the subject's political background, profession, educational qualifications and seniority. An individual cannot be employed by the State if they do not possess a *dangan*. Those who enter the private sector are required to lodge their *dangan* at the local "talent exchange centre" (Hutchings 2000).

2.3.9 Residential Permit or *Hukou*

The “*hukou*” complements the *dangan* and the *danwei* in that it is a system of household registration. The *hukou* provides a right of residence and changing an approved place of residence can sometimes be difficult and costly (Hutchings 2000). In 2002 it became possible for people to obtain a *hukou* to reside in Shanghai provided they had an invitation from the City government (Xu L. 2002).

2.4 A Brief History of Higher Education in China

The roles of Higher Education in China in the 20th Century have included being a mechanism for introducing modernity and influencing the moral and social order prior to 1949; as a facilitator of Maoist political, social and economic modernisation from 1949-1978; and as a lever for market social, political and economic reform with the aim of modernization to respond to the pressures and opportunities of globalisation since 1978 (Turner and Acker 2002; Burris 1990; Zhang 2003).

The first Chinese universities were founded in 1895 (Peiyang University, Tianjin), 1896 (Jiatong University, Shanghai), and in 1898 (Peking University) (Fladrich 2006; Wang C. 2000). Prior to the 1940s many scholars in Chinese universities saw themselves as “guardians of that nation’s culture in the face of growing nationalistic and secularistic pressures” (Julius 1997 P.143). Over this period universities were small and largely the preserve of the educated and propertied classes (Lutz 1993).

Following the establishment of the Peoples’ Republic of China in 1949 all of higher education was nationalized (Mohrman 2003). In 1952 the university system was organized on the European/Soviet Model with a focus on specialised training to meet the needs of a developing society (Mohrman 2003b; Wang C. 2000). Universities were charged with carrying out Communist Party policy focused on the political goal of class struggle (Zhang 2003). The reforms were aimed at developing technocentric vocational education to support rapid economic growth. Private universities were merged with public institutions and the Central Committee of the Party supervised a systematic transformation of the education system, of the universities and their teaching methodologies. It became a requirement that students enrol in ideological courses such as “Marxism – Leninism” and “The History of the Communist Party”. During the 1950s the Central Party Committee consolidated control by ensuring that

officials from the Foreign Office and Communist Party were assigned to positions throughout the Higher Education Sector (Julius 1997).

During the great Proletarian Cultural Revolution (1967-1978) universities went through a period of turmoil in that National Entrance Exams for universities were abolished and the "Central Committee of the Party dictated who would be hired, what was taught and who could learn" (Julius 1997, p. 144; Wang B. 2000). The aim was to create archetypal "Red" Chinese intellectuals who possessed the highest level technical and academic skills in conjunction with excellent socialist political credentials (Turner and Acker 2002). What this meant in practice was that political rather than intellectual credentials determined entry to universities and students from the ranks of workers, peasants and soldiers were selected for University entrance by Party officials. Following the death of Mao in 1976 and the purging of the Party this socialist education system was rapidly dismantled in the face of near economic collapse and the need for rapid re-skilling and reconstruction. Entry to tertiary education on the basis of class background and political credentials was abandoned from 1978 (Turner and Acker 2002) and the national entrance examination system was reinstituted (Mohrman 2003). From 1978 new policies were introduced to develop a Chinese university system based on the United States model (Wang C. 2000). These new policies included the introduction of PhD degrees in 1981, invitations to foreign experts and foreign students to China, allowing students from China to travel overseas for the first time in several decades and, allowing foreign investment in education (Turner and Acker 2002).

In the 1980's universities were heavily influenced by pressures for modernisation and internationalisation arising from the new State policies for economic reform and opening to the outside world. Universities were encouraged to introduce new programs in management, tourism and international economics, and to expand enrolments and new institutions were established to produce urgently needed new skills and talents for economic reform and modernisation (Mohrman 2003a; Hao 2000; Wang B. 2000). However, the special role of politics in Chinese higher education continued and was also highlighted in the protests of students and reactions from the Government that culminated in the events in Tiananmen Square in Beijing in June 1989 (Sautman 1991). See Chapter Three for details.

In 1985 the Central Government passed a "Resolution on Educational Reform". In 1996 this evolved into the "Education Act" which incorporated the "Guidelines of Chinese Educational Reform and Development" first developed in 1993 (Wang C. 2000). These laws and policies promoted the decentralisation of institutional administration and management in higher education and the diversification of the sources of finance for education. However, the Central and Provincial Governments retained managerial oversight and policy regulation for universities (Wang C. 2000). One of the major effects of these changes was pressure to amalgamate smaller colleges and universities. From 1996 a process of merging institutions took place. In 1997 162 colleges and universities merged into 74 institutions (Wang C. 2000).

In Shanghai in the early 1990s there were 50 higher education institutes with an average enrolment of 2600. The then State Education Commission designated Shanghai as an experimental area of higher education administrative reform. By 1998 there were 38 higher education institutes with an average enrolment of 4300 students as a result of mergers and transfers of functions. This action took place with a guarantee from the Central Government that State funding would be maintained (Department of International Co-operation and Exchanges 2000). The merger process continued into the 21st century. The rewards for institutions participating in mergers included increased resources and higher rankings in the university hierarchy (Wang C. 2000). In 2003 the Shanghai Municipal government was granted increased autonomy in the areas of approval of bachelors degrees, shared responsibility with the Ministry of Education for certain universities and local approval of university recruitment plans (Mohrman 2003b).

2.5 Chinese Universities In 2002

2.5.1 Introduction

Chinese higher education is driven by forces that are common in most countries, namely:

- Political and social forces;
- Private or market forces; and
- Financial forces.

Note that in Chinese English "market forces" are often referred to as "social forces".

The Chinese Government is explicit about the connections between education and economic development. In 2002 there seemed to be general official agreement on the need for universities to prepare students who would be competitive in the global economy of the 21st century and on the influence of globalisation and the development of the knowledge economy which would lead to common characteristics developing in many higher education systems: "...popularisation, informationalisation, marketability and life-long trend become the characteristics of the world's higher education" (Bai et al 2001 p. 21). However, the potential contradiction between the above mentioned approach and the historical approach of the CPC to education as a mechanism for political and social orientation continued. There were also political pressures arising from the widening gap in educational opportunity between the coastal strip and the central and western regions of China (Rong and Shi 2001; Turner and Acker 2002). In comparison to the United States higher education system on which it is based, the Chinese system was characterised as being small in scale, short in history and immature in development (Wang C. 2000; Wang B. 2000; Shi 2002). However, Chinese academic leaders were limited in their scope of decision making and action by the need to operate within a constrained political environment and to respond to Party initiatives (Julius 1997; Zhang & Xu 2002).

The role of the prevailing ideology continued to be important in universities. For example nationwide compulsory three month to one year military education was a requirement for students from leading universities up to 1999. In 2002 this had been reduced to one to two months except for military universities (Li, Sun, Yan 2002). This political command and control meant that universities were not well prepared for the challenges and opportunities of the introduction of a less regulated market for education (Guo 1998; Hao 2000; Wang C. 2000; Zhang and Xu 2002). For example, most universities did not have clearly defined missions, performance based management or satisfactory financing mechanisms (Wang C. 2000).

There was a gap between supply and demand in education with only 1.3 million out of 2.6 million secondary school graduates being able to enter tertiary institutions each year, with government investment appearing to be increasingly inadequate and the efficiency of Chinese education too low with a student teacher ratio that was well below the international average. Reform of universities was driven by many market

related notions such as unit cost effectiveness, institutional responsiveness, effective utilization of resources, and the introduction of new pay principles (Zhang and Guo 2002). There was perception that waste in higher education was high with human and material resources often left unused (Yang 1997). In 2004 the Guangdong Provincial Education Commission reacted to this situation by enacting a reform that limited administration staff to 20% of total university staff. At the time there was a shortage of teaching staff with the ratio of teachers to students falling to 1 to 20 in some universities while administrative staff accounted for 50 percent of the head count. It was also planned to link salaries and bonuses to performance in teaching and research (Wei 2004).

2.5.2 Administration

The organisation of the administration of national and provincial colleges and universities involved National and Provincial Ministries (Wang C. 2000). At National level administration was carried out by the Ministry of Education (From 1985-1998 known as the "State Education Commission"), and Non-Education Ministries of the Central Government. Universities were funded with budgetary allocations from the Ministry of Finance through the Ministry of Education. Financial allocations were generally based on headcount enrolments plus irregular special purpose funding. In 1995 the then State Education Commission identified 36 national "key" universities. In 1995 these accounted for about 11% of total enrolments. Average enrolment was 6680 students. In 1995 there were 331 Ministry funded institutions accounting for 34% of total enrolments. Average enrolment was 2100 students.

At Provincial level, institutions were funded by the Department of Finance in each Provincial Branch Office, plus there was "encouraged funding" on an irregular basis from the Central Government. In 1995 there were 687 Provincial and Municipal institutions accounting for 55% of the total. Average enrolment was 1600 students (Wang C.2000). In 1997 total enrolment in universities and colleges was 3.35 million with staffing of 1.03 million, 40 percent of whom were academics (Wang C. 2000). In 2001 total enrolment in universities and colleges had grown to 7.19 million (an increase of 29 percent over the previous year with staffing of 1.21 million of whom 532,000 (or 44%) were academics (Xu L. 2002). These changes increased the staff to student ratio from 1:8 to 1:13.5.

Under the prevailing structure the National State Education Committee determined educational policy and admission standards and exercised formal power over budgets, the curriculum and academic promotions at national level universities (Wang Y. 2002). It also established regulations governing research by foreign scholars in China, evaluated the results of research, approved the promotion of professional staff, and directed exchange programs with foreign and domestic institutions (Julius 1997).

2.5.3 Financing

In most countries governments have been unwilling or unable to provide the financial resources to enable the increasing demand for higher education to be fully funded by the taxpayer (Altbach 1997). China is no exception to this global phenomenon. In China universities were generally funded by a formula based on enrolments (Wang C. 2000; Hua 2002). The extra financial resources that could become available to universities depended on factors such as the funding of sponsoring ministries, the wealth of local and provincial governments and access to other revenue streams as well as effective political lobbying. For example universities sponsored by the Ministries of Finance and Economic Relations and Trade were likely to be the beneficiaries of the fact that these ministries were well funded and more powerful than other ministries. Also universities on the eastern seaboard were able to enjoy the advantages emanating from the fact that the coastal provinces were wealthier than the inland Provinces (Wang C. 2000; Rong and Shi 2001).

Under the centrally planned system, universities were exclusively financed by government appropriations, where the previous year's allocation formed the basis of the next year's allocation with some incremental adjustment possible. Any unused funds had to be returned, thus there was no incentive for efficient utilisation of funds (Wang C. 2000). In 2002 the educational reforms of the previous 20 years had involved decentralisation of administration, management and financing. Governance authorities sometimes called "boards" or "councils" which incorporated the "Party Committee" exercised supervisory functions to hold institutions accountable while overseeing their political connections. The Central Government had delegated financing responsibilities to the Provinces and the Central Ministries. Institutional autonomy and a formula based approach that was based on enrolments had been

introduced and institutions had increased autonomy in how they spent their funds. Institutions were not required to return unused funds.

Although government expenditure on education grew from 6% of total public spending in 1978 to about 16% during the 1990's total spending on education remained at about 2.5% of GDP. For many key universities, central government funding represented about one-third of their annual budgets (Mohrman 2003). Sources of financing were diversified and institutions were encouraged to generate extra funds in order to acquire needed resources to meet the demand, such as better qualified teachers (World Bank 1996; Yang 1997; Wang C. 2000). New sources of funds included affiliated enterprises and companies, commissioned training for companies, research and consulting services, donations and gifts and tuition fees. This "marketised approach" to university funding exposed many inequalities both external and internal to universities; for example, between large and small cities, between market oriented and traditional university departments such as liberal arts and business, and between old universities with established alumni and new universities (Kwong 1997).

Prior to 1978 no fees were charged for university tuition and graduates were assigned to jobs once they had completed their qualification. The 1985 Education Reform Act permitted institutions to admit students who were outside the State Plan but were self-financed or sponsored by enterprises and who were outside the job assignment system (Wang C. 2000). In 1992 National Plan students were levied with an annual tuition fee of 300 - 600 RMB and a fee covering room and board of 100 - 200 RMB. In 1995 the tuition fee was lifted to about 1300 RMB on average with the maximum fee set at 2700 RMB. In 1996 the Ministry of Education required all institutions to charge tuition fees. In 1999 - 2000 one survey showed fees to be in the range of 2700 - 3100 RMB per year (Wang C. 2000).

2.5.4 Enrolments

In 1999 there was a new "Great Leap Forward" in education when an extra 330,000 university places were made available for new students with the aim of increasing family expenditure on consumption and investment in higher education. The assumption was that given that the typical Chinese student spent about 10,000 RMB per year on tuition and expenses, it could be expected that a wave of extra domestic

consumption of about 3.3 billion RMB would be generated via fees and accommodation charges as well as increasing investment expenditure on buildings and equipment financed by running down household savings. The extra enrolment was also expected to reduce pressure from rising unemployment among school leavers (Wang C. 2000).

The percentage of students going on to higher education from senior high school across China was 1% in 1978, 9% in 1997, and 10% in 1999 and was planned to reach 15% in 2010. In 2001 in Shanghai, 76% of senior high school graduates entered universities and colleges (Xu L. 2002). The 2003 graduating class represented 2.1 million new graduates entering the labour market, an increase of 46 percent over the previous year (South China Morning Post 2003). In 2004 graduate unemployment became a major problem in China with up to 40% of graduates experiencing unemployment. The Chinese government was seeking ways to encourage graduates to think about going into business for themselves (Xu L. 2004).

2.5.5 Applications of Information Technology

The geographic size of China and the large urban and rural concentrations away from the wealthy coastal regions led the Chinese government to emphasise the use of information technology to make higher education available to socio-economically disadvantaged regions. This seemed warranted given the potential economies of scale available from the application of the embedded fixed capital involved in distribution via information technology to the educational needs of very large numbers of people. Not surprisingly, China claimed to have the largest cyber education system in the world.

Developments in the early 2000s involving the application of information technology in China included various configurations, for example the development of "Long Distance Universities" which involved combined television broadcasts and internet access for students in remote locations. Typically these programs involved students attending at specially equipped "TV Universities" and "Internet Institutes" as well as having two face-to-face sessions with their teachers each semester (Wang Y. 2002). Another example was the development of the "China Academic Library Information System" (CALIS) which is a digital library providing access to academic literature across all linked universities. The "China Cyber Education Network", was based on

the China Education Research Network (CERNET). This education internet backbone linked 30 major cities via a satellite video system and a campus network linked to local area networks (Wang Y. 2002).

The goals of the cyber education network were to improve the application of education technology, to enhance students' multi media computer skills, to improve teaching quality and to develop a large quantity of teaching resources. Overall, these initiatives were intended to meet the increasing demand for life-long education needed to improve the ability of the Chinese people to meet international competition in the 21st century (Zhang & Xu 2002). Outcomes of the project included an education internet linking major Chinese Universities and the beginnings of a network linking schools. Nearly all Provinces had established radio and television universities (Ministry of Education 2000a).

A key challenge for the government in developing and implementing various models of "long distance education" was the provision of the necessary infrastructure. Responses to this challenge included linking the eight main networks to 60 universities in major cities and reconfiguring the satellite system to connect the Central Radio and Television University Program to the Chinese Education Research Network (CERNET) as well as the development and maintenance of high quality education software. At a political and social level the Ministry of Education supervised the development of the CERNET to ensure that the needs of the society were balanced against market forces (Ministry of Education 2000a). For example, from 2000 all on-line higher education providers were required to obtain a licence from the Ministry of Education. Institutes which attempted to operate without a licence had their service terminated by the authorities (Ministry of Education 2000b). This development, combined with the difficulties associated with credit card use in paying for tuition fees, made it difficult for foreign on-line providers to gain a foothold in China (O'Shea 2002).

In 2000, twenty six Chinese universities were licensed to recruit students into on-line degree programs from either the High School Entrance Examination or the Adult University Entrance Examination. Another five universities were permitted to enrol students into vocational Diploma programs (Ministry of Education 2000a).

2.5.6 Quality Issues

There were concerns expressed in the literature about the ability of institutions to absorb the rate of increase in enrolments in terms of facilities and staffing, and about the employment opportunities that would be available for graduates. There were also concerns that the rapid growth in enrolments would lead to reductions in the quality of education. There was also a debate about the change management methods involved in introducing a more flexible curriculum that would promote skill development and innovative thinking (Julius 1997).

Shanghai provided an example of a possible future approach to quality assurance. In 2002 both the national Ministry for Education and the Shanghai Municipal Education Commission (SMEC) were involved in quality assurance audits. The SMEC audited foreign joint venture diploma programs. The Academic Office of the State Council and the Ministry of Education audited degree and postgraduate programs including foreign joint venture programs. For local diploma and degree programs the SMEC and universities operated a system of external audits conducted by panels made up of academics from other universities. The audit methodology and the outcomes, in the form of the final reports were available to the public on the national Ministry website. For foreign joint ventures, two audit failures meant that the license to operate the program would be withdrawn (Wang X. 2002). From 2005 under the new China regulatory regime foreign joint ventures were to be audited on an annual basis (Education New Zealand 2004).

2.6 Debates which were Current in China

Many of the debates in the literature and at conferences around the issues facing Chinese universities were given added impetus as a result of China's accession to the WTO in 2002. China signed on to the protocols covering "services", including educational services. For many, education was becoming thought of as an industry rather than simply a function of government (Wu 2001; Zeng K. 2000; Zeng T. 2002; Zhang and Xu 2002). Concerns about the effects of China's entry to the WTO included anxiety about the impact of competition by foreign universities for students and staff, and the dangers inherent in globalisation for Chinese culture as well as the influence of foreign ideas, systems and methods of education (Chu 2002; Bai et al 2001).

Debates were under way in universities and in the educational administration literature on a range of questions, for example;

- How could educational reform be promoted when universities funded by the government do not have “self determination” (Huang 2002)?
- Could education be viewed as a service industry where universities and colleges can operate as, or be operated by, private companies (Wu 2001; Zeng K. 2000)?
- Could private *min-ban* universities make a contribution to the promotion of development in Western China (Shi 2002)?
- Are small scale private universities with limited resources likely to impose a burden on government if they fail (Shi 2002)?
- How could the focus of universities be shifted to adjust to a more market oriented environment (Julius 1997; Zeng K. 2000; Huang 2002; Zhang and Xu 2002; Chu 2002)?
- How could the public be assured of the quality of the education service provided by the range of public and private universities and colleges (Wang B. 2000; Shi 2002; Wang Y. 2002)?
- What roles can foreign education institutions play in China (Zeng T. 2002; Chu 2002)?

2.6.1 The Role of the Public and Private Sectors

The Chinese Government was faced with an acute shortage of educational provision and scarcity of the market based skills required for the economic development targets it had set. As a result it had opened up education to the private sector and to international providers, especially in vocational and applied areas such as business studies (Turner and Acker 2002).

In China, categories of universities included non-profit seeking higher education, profit seeking private education and public universities and colleges. According to the Education Act (Wang C. 2000) private universities and colleges could exist but were to be “not for profit” organisations which meant that the tuition fees should reflect the cost of the operation and should not include an allowance for profit. However in 2002, there was a new Higher Education Law under discussion promoting private education where profit was allowable but the question of what was

an “appropriate” level of profit was a matter of continuing debate (Shi 2002, Bai et al 2001).

In 2002 Li Peng, Chairman of the Standing Committee of the National Peoples’ Congress called for the establishment of a legal framework to direct the private education sector pointing out that privately funded education was now an integral part of China’s educational system. He argued that investors should be allowed to extract legitimate economic returns in order to encourage more private involvement in education. However he said that profit seeking should not become the only goal (China Daily News 2002). After several attempts this “Law for the Promotion of Peoples’ Education” was passed by the Peoples Congress in 2002 (China Daily News 2002).

In the late twentieth century the Chinese Government had been the main investor in the education of its citizens, but in the years just prior to 2002 big companies had begun investing in educational services. For example, in Northeast China the “East Asian Education Group” had been operating for seven years providing schooling from kindergarten to university for the employees of enterprises. Establishment of the Group involved the merger of eleven schools with the co-operation of the local authorities (Wu 2001). In 2002 an Australian company, Amnet, established a joint venture with the Chongqing Overseas United College to provide information technology, e-commerce and e-business infrastructure and education courses to students in Central China. This involved acquiring all the fixed assets of the University including lands and buildings (Spencer 2002).

An important theme in the debates was to improve the self-determination, and ability to respond to the market place, of universities by altering the role of the government. The separation of ownership from administration was aimed at changing the role of Government from “direct administration” to “indirect administration” (Zeng T. 2002). Whereas in the past, universities had been subject to close direction from National and Provincial governments, the new suggested approach was to give the University President the power to make decisions on matters such as curriculum and joint ventures with foreign institutions (Zeng T. 2002).

There was a developing trend where reformed public universities were adopting a business governance model involving a Board of Directors which appointed a President who had the powers of a General Manager. The Board of Directors often incorporated the Party Committee (Wang X. 2002). For example in 1999 in Zhejiang Province a "Technical Normal College" underwent "administrative system reform" which involved investment by an educational group which established the Board structure as described above (Wu 2001). Anhui University had a Board of Trustees with 82 members from State owned or private enterprises, prefecture governments and Hong Kong. The Board provided advice to the University as well as providing a potential market for services from the University (Hua 2002). In 2002 there were more than 1000 private universities operating in China which had no allocation from the government and were administered by a President, who was categorised as an "independent legal person" (Shi 2002).

2.6.2 Pressure of Market Forces on Higher Education

The marketisation of Chinese universities led to institutional consolidation via amalgamations, competition for admission to new disciplines, demands for more relevant curriculum and more professional staff, and a focus on developing the all round abilities of students, including creativity and the ability to apply and analyse knowledge (Julius 1997; Hao 2000; Zeng K. 2000; Zhang and Xu 2002).

2.6.2.1 Cost Reductions

Reforms of the internal administration of universities had been proposed to meet the challenge of international competition for increased efficiency. These reforms included the establishment of new human resources systems, the improvement of the quality of staff and services provided to students and staff, the removal of the tenure system for staff and its replacement with a competitive system of rewards and penalties. The Ministry of Education urged universities to "strive to create a system environment for the excellent talents to grow up and give full play to their professional skills, construct a high-quality team of teaching and administrative staff and improve the efficiency and overall standard of schooling" (Department of International Co-operation and Exchange 2000 p. 25; Zeng K. 2000).

High ratios of administrative to academic costs and low teaching loads, led Chinese universities to engage in mergers in order to seek reductions in costs and to co-

venture with enterprises via co-operative or *Gongjian* activities in order to increase revenue streams. For example, Shanghai University resulted from a 1994 merger between Shanghai University of Technology, Shanghai University of Science and Technology, the Shanghai Institute of Science and Technology and the former Shanghai University (Julius 1997; Wang C. 2000; Shanghai University 2002).

2.6.2.2 Curriculum Reform

With Chinese families expectations of their only child excelling in their studies expressed in the saying "hoping one's child becomes a dragon". (Kipnis 2001 p. 8), University entrance was a "serious and compelling parental matter for an only child and the key to an affluent life style" (Julius 1997, p 146) the competition for entrance to programs like international business, international trade and telecommunications was pronounced (Zeng K. 2000). There was also a huge unsatisfied demand for management training and development (Hua 2002). The "war for talent" meant that there was severe competition between enterprises and universities for the best students and the best teaching staff. For new graduates, Chinese companies sought good academic results plus some, preferably "Western", certification of skill levels in areas such as English or information technology skills (Li, Sun, Yan 2002). This meant that universities had to improve their services to students and the attractiveness of their teaching environment to staff (Julius 1997). At Shanghai University reforms to the curriculum gave students greater flexibility to choose major streams, courses and lecturers so they "can fully combine the needs of society with their own abilities, interests and special skills" (Shanghai University 2002).

Changes were being contemplated in recognition of the marketisation of higher education to enable a wider group to enter universities rather than just "the minority selected to enjoy higher education through examinations arranged by the government" (Department of International Co-operation and Exchange 2000 p 35). These changes included reducing the number of undergraduate specialisations available across the nation from 504 to 249 in 1998, the revision of teaching plans, contents and curriculum in 1999 and the introduction of a system whereby students were able to select elective streams and also take time off from studies to seek employment or set up their own enterprises. Changes to the recruitment examinations for university were being experimented with involving a move away

from memorisation of syllabus material toward questions that emphasise understanding and application of required knowledge (Department of International Co-operation and Exchange 2000; Xue et al 2001; Zhang and Xu 2002). Disciplines which did not enjoy market support were under pressure (Hua 2002).

2.6.2.3 Human Resources

The high ratio of administrative to academic staff and light teaching loads forced an examination of the workforces in many Chinese universities, which led to the development of appointment and recruitment guidelines for promotional opportunities and performance based classification and remuneration guidelines. Promotion at lower levels became more dependent on acquiring skills, interests and disciplines that were compatible with revenue generating activities and less dependent on personal contacts or political skills (Julius 1997; Li, Sun, Yan 2002). Targets were set for reductions in the numbers of non-teaching and research staff, the tenure system was abolished for new staff and incomes were becoming linked to job related responsibilities and achievements, with significant rewards to those who made important contributions to education and research (Department of International Co-operation and Exchange 2000). For example Anhui University was part of the "211 Project" which included a range of annual performance targets in the areas of ratio of administrative to academic staff and performance criteria, such as performance in the National English exams. In order to meet these targets some staff were dismissed and reward systems for high performing staff including overseas study and attendance at conferences were introduced (Hua 2002). At Shanghai Institute of Foreign Trade high performing teachers received rewards in the form of cash bonuses, public praise in meetings and via red paper notices on public notice boards and special Certificates (Yan, Li, Sun 2002).

Examination of service levels provided to students and staff was being required to evaluate which functions and staff generated the revenue that was required for institutional survival. This examination tended to highlight the potential conflicts between the prevailing ideology and economic viability (Julius 1997).

In the 1990s there was a shortage of talented academic staff which led to a "war for talent". Impacts of this "war for talent" could be seen in changes to the circumstances of academics in Shanghai, including increases in salaries and other

benefits. Nevertheless salaries varied between institutions according to factors such as status and access to revenue streams. Post-graduates sometimes preferred to work in universities rather than in enterprises because there was less risk of sudden unemployment and the conditions of employment were more attractive for those motivated by lifestyle or personal development goals. Teachers could be contracted with a range of public and private universities as well as delivering lectures at private corporations. Also it was possible for academics in high demand fields to become Honorary Professors at other Universities and teach at that institution in their spare time (Li, Sun, Yan 2002).

2.6.2.4 Fee Assistance to Students

Various suggestions had been put forward to deal with the problem of students not being able to pay fees such as education insurance, loans to students, part-time work and subsidies to students in financial difficulties (Department of International Co-operation and Exchange 2000). Universities were expected to help by assisting students to find part-time work and by funding part of the fee in the form of a loan to the student (Department of International Co-operation and Exchange 2000).

2.6.2.5 Services to Students and Staff

In the area of social services provided to students, those activities which had been deemed by National, Provincial and City Governments as unsuitable to be managed by universities had been delegated to society and eventually to the market. For example in 1998 the "Higher Education Rear Service Ltd Co", a private company, was established in Shanghai to provide supermarkets, restaurants and accommodation for students and teachers. By the end of 1999, 20 different types of staff and student services, known as "rear service" had been separated from universities and 10 rear service centres established (Department of International Co-operation and Exchange 2000). These activities had resulted in a significant improvement in service standards (Li, Sun, Yan 2002).

2.6.2.6 Traditional Academic Values

In 2002 Chinese university leaders had to focus much of their attention on financial issues. There was a concern that scholars were becoming merchants in order to finance the university enterprise and that this process might go too far. At both

government and university level there was a concern that traditional academic values were being thrown aside in the desperate pursuit of money (Mohrman 2003b).

2.7 An Higher Education Quality Guarantee System

The introduction of the market mechanism and private education into China had drawn attention to the fact that there was no unified national system for the evaluation of universities. Also there were new types of universities such as “long distance television universities” and private colleges and universities. The ranking systems that existed were not considered to be transparent and the process by which results are arrived at was not clear (Wang B. 2000; Wang C. 2000). An important example of published ranking systems was that conducted by “NetBig” based on 6 primary indicators and 20 secondary indicators (netbig 2001) which published rankings for 1999, 2000 and 2001. The expressed purpose was “to offer a full picture of the development of Chinese universities to the government, parents and students, as well as to the university itself, thus promoting the open level and internationalisation of Chinese universities, providing a source of reference to educational authorities for policy making....” (netbig 2001).

From the perspective of Chinese public opinion, private colleges and universities were not as highly respected as public institutions. For example, the researcher was told that in Shanghai the privately owned Sanda University was not highly respected even though it was more than five years old, its academic staff came from highly regarded public universities, and it enjoyed close links with well-known international businesses (Wang B. 2000; Huang 2002). The situation was that while the Government played a key role in regulating and managing the assessment of standards, there was a limited supply of public funds and government officials available to carry out the evaluation process while the higher education sector continued to expand rapidly (Wang Y. 2002). The question was how to provide assurances to the public about the quality of all parts of the higher education sector, given the declining availability of resources relative to demand.

One suggestion was to create a higher education guarantee mechanism with “reason, fairness, clarity and authority” (Wang Y. 2002, p. 37). This would involve the National Government in establishing a special, independent and autonomous Department of Evaluation and Approbation (Wang Y. 2002). This Department would

be governed by a Board of Directors or Management Committee that might include representatives of business and would develop evaluation and regulation methods which would be seen to be independent of government. The final reports of the evaluating sub-committees would be published both in hard copy and on the internet and the reports might include input from the public and alumni (Wang B. 2000; Wang Y. 2002).

Long term purposes behind the proposed establishment of this Department would be to assist universities to establish a self-evaluation system that would help the public to gain confidence in universities, particularly private institutions, and to allow university staff to retain a key role while maintaining the government's right to make laws and regulations and provide financial support. Essentially these ideas derived from the approach to university evaluation adopted by countries such as the United Kingdom, Australia, Indonesia and India. The approaches in these countries involve the governments influencing rather than directly managing the evaluation process and the development of an evaluation culture within the higher education sector, using an acceptable system of rewards and penalties (Wang Y. 2002). In 2003 the Ministry of Education announced that it was considering the creation of a China Higher Education Evaluation Centre, a non-governmental organization to handle quality assessment of universities. (Mohrman 2003)

2.8 Roles for Foreign Universities

According to Zhang (2003, p.49) the rationales for the promotion of foreign involvement in education in China were primarily economic, being focused on "improving the quality of human resources, upgrading China's educational system, meeting national educational demand, preventing brain drain and attracting foreign capital into education". Transnational education was seen as a solution to the shortage of highly skilled and creative workers, by enabling the selective introduction of desired subject areas. A highly skilled workforce was seen as an important factor in attracting foreign direct investment (Zhang 2003). "Programs in management, finance, economics, information technology and engineering which are seen as supportive of economic reform yet politically non-threatening are allowed to flourish" (Zhang 2003 p.52).

In 1993 the Ministry of Education issued a memorandum covering the establishment of joint ventures between foreign education institutions and Chinese universities and colleges called, "Guidelines for Chinese Educational Reform and Development". This included restrictions on joint ventures in basic education and religious education. The Education Act (1995) contained several articles addressing the topic of internationalisation. For example Article 67 encouraged education exchange and co-operation, Article 68 encouraged the development of study abroad programs and Article 69 encouraged exchange of staff and students. However other Articles placed restrictions on the activities of foreign institutions (Wang C.2000).

The view that education is part of the services sector is embodied in the accords of the World Trade Organisation (Osborne 2002). China's accession to the WTO meant that Chinese universities and colleges were likely to face increasing competition from foreign institutions (Zeng T. 2002). According to Zhang (2003) at the end of 2002 there were 721 Chinese Foreign cooperatively run schools and projects mainly concentrated in the eastern coastal provinces and middle to large cities such as Shanghai (111), Beijing (108), Shandong Province (78), Jiangsu (61), Liaoning (34). The foreign co-operators came mainly from the United States (154), Australia (146), Canada (74), Japan (58), Hong Kong (56). Of these projects about 46% were in the category of management and economics with foreign languages and information technology programs ranking second and third. These three categories made up about 75% of the total (Zhang 2003). Of the 712 projects, 71 involved foreign degree programs which had been authorised by the Academic Degrees office of the State Council in Beijing. Australian universities were involved in delivering authorised degree programs in 18 of these projects (Jiang 2002; Ministry of Education 2002).

In 2002 discussions in China about foreign involvement in Chinese education included a range of issues such as the development of a new type of occupational university offering high level diplomas for part-time study by adults and foreign involvement in special universities established for part-time students who did not undertake the National Entrance Examinations (Zeng T. 2002). In this proposed system each university would have to conduct its own entrance exams because there was no National Entrance Examination structure (Zeng T. 2002).

According to Chu (2002) joint venture programs could be permitted where foreign institutions enjoyed majority ownership and employed Chinese teachers. This arrangement would involve an official invitation to the foreign university and laws and regulations would have to be developed to cover the educational administration of these joint ventures. Transparent approval procedures would have to be developed. These joint ventures could generate benefits such as assisting with attracting foreign students to programs in China and developing disciplines which are in relatively limited supply in China (Chu 2002). In these ways shortages of graduates in areas such as tourism, logistics, banking and finance, international trade, international law, and business administration could be alleviated (Julius 1997; Zeng T. 2002; Chu 2002).

Other issues included the need for the Chinese higher education curriculum to respond to the new economic realities associated with the WTO such as certification for professional licenses, standards for language proficiency, and the need for access to the latest developments in education. Opportunities for staff and student exchange and for foreign students to study in China represented a way of enabling cross fertilisation of ideas and research. Access to foreign ideas and innovations increased the value of academics to Chinese society and provided a useful 'weapon' for universities and colleges in the "war for talent", as the competition between government, business and universities for the most able graduates intensified (Julius 1997; Bai et al 2001; Xue et al 2001; Zeng T. 2002). It was possible to envisage the future development of joint research and training institutes to promote international co-operation in the areas of academic exchange and technical co-operation (Julius 1997, Xue et al 2001).

In 2003 the "Regulations of the People's Republic of China on Chinese-Foreign Cooperation in Running Schools" were adopted by the State Council. The Implementation Measures were released in 2004 to take affect in 2005. These laws and regulations were designed to attract foreign education resources while ensuring that the rights of all parties were managed and protected. Specifically the measures were aimed to encourage:

- Chinese education institutions to co-operate in running joint ventures with foreign education institutions recognised in research and for the quality of their education and teaching and learning;

- Areas of new or needed specialised disciplines; and
- The development of foreign joint ventures in the western and poor border regions of China (Sun 2004).

The measures gave the national Ministry of Education the power of final approval of all aspects of foreign joint ventures in education and set out the requirements for approval of proposals, the timelines for approval and arrangements for annual audits of labour hire practices, of financial practices and of academic and management quality by the Education Administrative Department of the State Council and other relevant government departments. The results of these audits were to be publicised (Ministry of Education 2003).

At the time of writing (2006) it was difficult to predict the final outcomes of the 2005 measures. Anecdotal evidence suggested that some foreign joint ventures in education which were not likely to be able to meet the criteria required for approval by the Ministry of Education were likely to close. Also the new measures included disincentives for non-educational foreign entities to become involved in education in China which cast doubts on arrangements involving third party brokers acting as intermediaries between foreign and Chinese universities to establish joint ventures.

It appears that the National Government intends to ensure that all foreign joint ventures in education are of high quality and contributing to the pursuit of national priorities.

2.9 Conclusion

During the period in which the research survey was conducted, 2002 – 2003, managers of Chinese universities had to respond to a rapidly changing environment with little in the way of sign posts from previous experience to guide them. There were extensive discussions in the literature and at conferences on the role of universities in society, the role of government in the provision of higher education, the role of the Communist Party in guiding the direction of universities, the role of market forces and the potential roles of foreign universities in the context of China's entry into the WTO and the external pressures that would come to bear on Chinese institutions as a result. Future directions for the Higher Education Sector were

unclear however the ascent of a new national leadership in 2003 and the new Law and Regulations provided some clarification of the context for future directions at a macro strategy level.

Chapter Three

Literature Review –

Important Features of Chinese Culture, Society and Politics

3.1 Reflection

I have a silk weaving on the wall of the dining room in my house. It has nine carp – seven gold and two black swimming in a lotus pond. What does this mean?

Comment by a Chinese poet ... The number nine has the same sound as two which means "a long time or always" and another word which means "enough".

The word fish sounds the same as another word which means "surplus".

The lotus word sounds like "Lian" which means year.

Thus the picture has the meaning of "surplus in every year".

The picture can be understood by an illiterate. A literate person can understand the word plays and double meanings.

The lotus is the symbol of purity and integrity – it is white and untainted – it grows from mud via a straight tube stem.

The gold and black carp might represent yin and yang. There should be eight gold carp because eight is a lucky number – why are there seven? ... Maybe there are nine fish because the Chinese word for nine also sounds like enough and always.

(Extract from field notes 22 May 2004)

The above extract conveys the ambiguity of many aspects of Chinese culture and the need to be able to see multiple meanings in different forms of communication and contexts. Chapter Three reviews the literature on Chinese culture and politics and seeks to alert the reader to some basic aspects of Chinese culture. Appreciation of these features of Chinese life was vital to the gathering and understanding of the research reported later.

According to Denzin and Lincoln (2000), qualitative research in sociology and anthropology was born out of a desire to understand "the other". This other was the exotic other:

“a primitive, non-white person from a foreign culture judged to be less civilized than that of the researcher” (Denzin and Lincoln 2000, p.2).

The “other” represents a profusion of values, cultures and ways that challenge the monopolistic claim on legitimacy and truth in the doctrines of religions such as the many versions of Christianity.

The rise of China in the twenty first century challenges the view of the world exemplified by Talcot Parsons (Denzin and Lincoln 2000) whereby the United States of America (USA) represents the “vanguard society” (Berger 2006 p1), the highest stage of social development, and all other peoples, cultures and civilizations are either moving in the direction of the USA or are assumed to be suffering from some form of arrested development that prevents them from doing so. Currently, China is an authoritarian society with a very high rate of economic growth. It also has maintained a civil administration and a unified culture for about 4000 years. In order for the researcher to be able to carry out the acts of observation and communicate an analysis of these observations to others, there was a need to develop an understanding, albeit a relatively superficial one, of the culture and world view of the Chinese.

The purpose of this chapter is to reflect on the researcher’s understanding of some of the important aspects of Chinese culture and society that have emerged during this research project. It presents a summary of these concepts and a case study illustrating the application of these concepts to a relationship between an Australian and a Chinese University. The case study adds to the very limited body of literature on foreign joint ventures in education in China and provides some practical perspectives for foreign universities seeking to develop operations in China.

3.2 Important Concepts

Culture is defined by Hofstede (1984) as a collective mental programming. According to Chen, L. (2000) culture is a core issue in any study of Chinese society. Modernity in China does not follow the western model but exhibits its own cultural specificity. The social, economic and political development of China presents a challenge to the view that the USA represents the highest stage of social development. An understanding of the concepts described below is important for those wishing to

conduct research into the management of Chinese enterprises and institutions, particularly Stated owned enterprises. A reader from a western democratic society should keep in mind the contrasting philosophical view of the worth and rights of the individual when considering the following material.

3.2.1 Confucianism

The writings of Confucius formed the basis of the Chinese education system for 2000 years. He maintained that a society organised under a benevolent moral code would be prosperous, politically stable and safe from attack. He also taught reverence for scholarship and kinship (Graham and Lam 2003). According to Chen, G. (1997) the cardinal concepts of Confucianism are *Jen*, *Yi* and *Li*. *Jen* refers to benevolence and humanism. Behaviours in accord with *Jen* include showing humanity, respect, loyalty, magnanimity and adroitness. Behaviours in accordance with *Yi* are showing faithfulness and justice. These behaviours involve looking beyond personal profit and contributing to the betterment of the common good. *Li* prescribes the forms and rules of proper behaviour in social contexts. For example, the junior must show respect and obedience to the superior or senior person and in return the superior must show consideration and protection to the junior or subordinate. The Confucian definition of good government required that "a prince be a prince ... the subject a subject, the father a father, the son a son" (Braudel 1994 p. 178).

Seligman (1999) describes the Confucian values, which are highly respected by Chinese people. These values include the responsibilities of individuals which are based on five human relationships - ruler and subject, husband and wife, father and son, brother to brother, friend and friend. The Confucian social order emphasises duty, loyalty, honour, filial piety, respect for age and seniority and sincerity. These values mean that people relate to each other not purely as individuals but also according to their rank. According to Seligman (1999) decision-making is strictly top down and personal loyalty is highly valued. The Confucian ideal of the "superior man" is one who is modest and self-deprecating, given to compromise and conciliation rather than direct confrontation, who never loses his balance and maintains his poise in all situations (Seligman 1999 p.52).

It would be silly to ask a Chinese "What is the influence of Confucianism on your life?" because they probably could not answer. Confucianism is so built into daily life and relationships that people are not consciously aware of it –

after all it is more than 2000 years old as a philosophy of living. The Confucian system suits "the controllers" because it is a hierarchical system in which people understand their place. It puts men and the elder at the top and in the senior position in any relationship.

The ideal of the Confucian gentleman is still strong. For example if a boy cries his mother might say "you are not a girl – only girls cry. Be a man – you should not show your feelings like this".

The official tolerance/encouragement of Buddhism reflects the Confucian system in that Buddhism is about fatalism – accepting your lot in life because maybe in the next cycle you will have a better life, if you have lived a good life in this one. The key word is "acceptance".

(Extract from Field Notes 13 June 2003)

3.2.2 Taoism

The inspiration of Taoism was provided by Lao Tsu, who identified the fundamental relationship of the yin (feminine, dark passive force) and the yang (masculine, light, active force). These forces oppose and complement each other simultaneously and must be considered as a whole. Unlike the dualism of the Mediterranean world where good and bad are in perpetual conflict, yin and yang are mutually complementary and balancing. The greater yang grows the sooner it will yield to yin. The sun at noon is starting to give way to night (Reischauer, Fairbank 1960). According to Taoism the key to life is to find "the way" (*the Tao*) between the two forces. Thus there is a need for all parties to seek a compromise based on a form of consensus (Graham and Law 2003).

One of the five precursors to taking action according to Sun Tzu is that "the way" has to be confirmed. This is the relationship between the political leadership and the people. That is to say ensuring that the people have the same aim as the leadership (Cleary, 1988). Chapter Eight describes some of the processes used by managers of Chinese universities to involve staff in the process of strategy formation and development.

3.2.3 Interpersonal Harmony or *Renjie Hexie*

To Chinese, harmony is not only the end, rather than the means of human interaction, but also indicates that human interaction is a process in which the interactants continuously adopt and relocate themselves towards interdependence and co-operation by a sincere display of whole hearted concern between each other (Chen, G. 2000 p.5).

Chen, G. (2000) notes that the Chinese orientation to harmony is based on the philosophy that human beings are an integral part of nature in which equilibrium forms a core that is tightly bound by the ethical principal of hierarchical relationships. Harmony is maintained via reciprocity and hierarchy.

3.2.4 Reciprocity or *Hui Bao*

Reciprocity is a primary principle of harmony in that harmony requires mutual dependency and responsibility. Chen, G. (2000, p.14) notes that "this invisible etiquette dictating the practice of returning a favour for a favour determines whether a *guanxi* can be successfully established." An example of reciprocity in practice would be where efforts by management to take care of the welfare of employees are exchanged for the loyalty of the employees.

3.2.5 Face or *Mianzi*

Face reflects the social position or prestige one earns or gains from the recognition of group members (Chen G. 2000). When respect is shown to counterparts this boosts their self-esteem. Chinese people believe that any act or language used to insult or cause another person to lose face is self-humiliating and damaging to one's own image. To lose face means a loss of bargaining power and the denial of any offers in the process of conflict management. Thus in conflict situations Chinese will use all possible means to preserve a counterpart's face. If a person knows how to save others face then he/she will be perceived as more competent in Chinese communications.

3.2.6 Hierarchical Society

The hierarchical nature of Chinese society reflects the Confucian code of ethics, thus communication behaviours are governed by rules through which participants can

develop a clear idea concerning when, where and how to talk with whom (Chen G. 2000). The emphasis is on gender, age, social role and status where unequal but complementary bonds can be established. Once a person is established in a network then there is a need to understand the hierarchical relationship structure for the purposes of social interaction, to identify persistent and mutual interests and to avoid conflict. Seligman (1999) notes that Chinese view the world as consisting of two groups of people – those that are inside the circle like relatives, friends, neighbours, classmates, co-workers and anyone who has been introduced to the *guanxi* network – and those outside. Outsiders are those people who are not known and to whom no obligation is owed. In practice this means that Chinese will not engage in communication with people they do not know and to whom they have not been introduced (James 2002).

3.2.7 Personal Connections or *Guanxi*

Chinese society is undergoing rapid change but there are certain key cultural elements which continue, although the manifestation of these attributes becomes more subtle in highly developed cities such as Shanghai. China is a hierarchical society with power concentrated at the top of most organisations. But China is also a socialist and egalitarian society so the leaders of any organisation must, at least in a formal sense; take account of the views of the stakeholders. Also Chinese society is based on networks of relationships called “*guanxi*”. The larger and more influential the network of relationships is, the more *guanxi* is in the possession of the individual. Chen, G. (2000) describes *guanxi* as referring to the particularistic relationship between groups of people. Seligman (1999) describes *guanxi* as the network of connections an individual possesses with people who may be willing or obligated to provide favours. A *guanxi* network can be described as a network of mutual reciprocity involving reciprocal favour giving. The principle of reciprocity means that the economy of favours between two individuals is expected to remain in rough balance over time.

According to Lovett, Simmons and Kali (1999) *guanxi* is an ancient system based on personal relationships which can be contrasted with the traditional western management paradigm, which is centred on discrete transactions and formal agreements. This contrast is exemplified in the differing views about the nature and significance of contracts held by Chinese and western parties (Fan 2006).

3.3 Traditional Chinese Management

According to Yuan and Hall (2003) traditional Chinese management is influenced by Confucianism and the Legalistic School. Confucian ideology stresses the following key concepts:

- Harmony which is the relationship of one human to others and to nature. It is achieved by obedience to authority and hierarchy.
- Hierarchy which is the relationship within the group
- Humanness which is the way to approach the achievement of harmony and hierarchy

The Legalistic formalisation of Confucian ideology emphasises the power of bureaucratic administration systems. Authoritarian systems and an emphasis on hierarchy in organisations are embedded in and extended from Confucian ideology. Thus there is a tradition of management by vertical relationships between leaders and followers (Yuan and Hall 2003).

According to Sun Tzu organisational coherency and efficiency depends on the use of rewards and penalties as a system to achieve discipline. Ideally the system should be accepted as fair and impartial (Cleary 1988). The use of contracts and performance management based on rewards and penalties in universities is an expression of Sun Tzu's dictum on organisational coherence and efficiency. However in the Chinese workplace people are often encouraged to work for collective goals rather than individualistic goals reflecting the importance of family and kinship relations. This can be compared to the western tradition of managers being a professional class of agents who act on behalf of the owners to oversee the running of the enterprise (Yuan and Hall 2003). There is a paradox in the traditional collective approach described by the interviewees in this study, and the simultaneous, apparently increasing, emphasis on individual performance.

Every major enterprise has a Communist Party General Secretary occupying the most senior position in the organization (Ryan 2005) and there is a Party structure which parallels the management structure of the university down through schools and departments (Mohrman 2003b). The Party Secretary usually fulfils the role of Chairman of the University Board or Council. The President and senior executive will

act under the leadership of the Party. In official organisations such as universities, most senior and middle managers are Party appointees and the management culture can resemble the management of the Party. Also managers can carry a heavy burden of social responsibilities and political functions which distract attention from overseeing the university. For example Sun J. (2000) found that in State owned enterprises managers can be more focussed on maintaining good relations with their superiors and the government than on the performance of their enterprise.

3.4 Role of Government in China

As Hutchings (2000 p.160) points out, the formal structure of government does not indicate how power is exercised in China. There are three main administrative entities – government, CPC and military and at various times all three have been dominated by powerful individuals, such as Deng Xiaoping. Party control of the government is secured by various means:

- The constitution provides for Party leadership of the nation;
- The Party makes all key appointments;
- The Party operates “leading groups” to handle major policy issues; and
- Is present in every unit in the form of the Party Committee.

The central theme of the 2004 meeting of the Central Party Committee was “Strengthening the party’s power to govern” and the key report committed the party to “keep public ownership as the mainstay of the economy” (Callick 2004 p.33). Child and Tse (2001) state that the government plays a key role in the operations of institutions in China and that it is a principle, held by the government, that social stability has priority over economic benefit.

According to Chen L. (2000 p.153) any study of management in China has to take cognisance of the fact that the ultimate authority on any issue is the “ideology dominated government”. Chinese managers must pay special attention to macro level conditions such as the political climate, organisational ownership and traditional cultural values. These factors can affect the operations of the organisation in unexpected ways and it is a major source of stress for Chinese managers at high levels, to survive and prosper within the constraints of the political and economic system. Managers need accurate and timely information on current policy

development because the ultimate authority of the Party/government makes it mandatory for managers to keep pace with policy changes, which are frequent and regular (Chen, L. 2000).

3.4.1 The Role of Government in Chinese Universities

Governments are the primary source of funds for Chinese universities however the method of allocating funds has changed over time. At the beginning of the 21st Century the share of funding provided by government was declining and becoming more targeted and the contributions required from City and Provincial Governments, from corporations and from individuals were increasing (Fraser 2003 b). In the case study contained in this chapter the funds received by the Chinese University from the Chinese corporation would represent an important contribution to the University's revenue streams and would be the source of the extensive influence of the corporation over the university.

3.5 The Communist Party of China (CPC)

The Communist Party of China (CPC) was founded on July 1, 1921 in Shanghai. In 1949, after 28 years of warfare against both the Japanese and the Kuomintang Party, the CPC took control of mainland China with the Kuomintang retreating to Taiwan (Hutchings 2000). The CPC is founded mainly on ideology and politics deriving its ideas and policies from "the will of the people" and converting these to State laws and decisions which are approved by the National People's Congress of China through the State's legal procedures. Theoretically the CPC does not take part in the Government of China rather it conducts its activities within the framework of the constitution of the People's Republic of China and has no right to transcend the constitution and the law. All Party members are citizens of the country and are equal before the law. The highest leading body of the Party is the National Congress and the Central Committee elected by the Congress (ChinaToday.com 2005).

According to Hutchings (2000) within the Central Committee there is a powerful Politburo Standing Committee which decides all major questions of policy and refers these decisions to the Central Committee for approval. The Party functions according to democratic centralism which means that individual Party members are subject to the organisation, the minority to the majority, and the lower levels to the

Central Committee. Debate within the Party can be fierce but is usually confined to the senior leadership whose decisions are transmitted to the lower levels for implementation (Hutchings 2000).

A famous example of the activities of the Central Committee occurred on December 18, 1978 when the Eleventh Central Committee of the Communist Party of China met in Beijing to prepare for the announcement on January 1, 1979 that the United States was about to establish full diplomatic relations with China. According to Callick (1998 p.25) paramount leader Deng Xiaping described his goal of China becoming a "modern, powerful, socialist state before the end of the century by raising average earnings from USD200 to USD800 per person per annum". The crucial decision of the meeting was to pursue with fresh vigour the Four Modernization's which had first been spelled out by Premier Zhou Enlai in 1954 – the reform of Chinese agriculture, industry, defence, and science and technology. Deng's program was called "the bird in the cage". Balaam and Veseth (1996 p.302) explain this slogan as meaning that the free bird of the market would be held within the cage of central planning controls. For universities there is an underlying paradox in this approach. On the one hand university education is considered to be a mechanism for social and political orientation of the young, while on the other hand it is to be a source of the market-based skills required for economic development (Turner and Acker 2002).

Since 2004 the CPC and the Government of China have been led by President Hu Jintao and Premier Wen Jiabao who have had extensive experience in the central and western provinces. They have increased the resources flowing to the interior in an effort to reduce rural poverty and to promote social development (Callick 2006a). At the same time steps have been taken to promote socialist morality in the form of the Eight Honours and Eight Disgraces (*Ba Rong, Ba Chi*)

- Love the country, do it no harm
- Serve the people, never betray them
- Follow science, disregard superstition
- Be diligent, not indolent
- Be united, make no gain at another's expense
- Be honest, do not sacrifice ethics for profit
- Be disciplined and law abiding, not chaotic and lawless

- Live plainly, work hard, do not wallow in luxuries and pleasures (Callick 2006b)

While reform of the higher education sector is a high priority, the CPC continues to stress the ideological and political education of students as part of the general curriculum. This is considered to be essential to maintain social stability given the uneven spread of economic growth and socio-economic liberalization and the impact of the internet (Forney and Jakes 2005). Freedom of access to information has been reduced significantly under the regime of President Hu. Although China has more internet users than any country, other than the USA, access to international websites and foreign news services has become more difficult since 2004. International providers such as Yahoo and Reuters, Bloomberg and Associated Press have acknowledged that in order to do business in China they must accept restrictions imposed by the authorities and the activities of 30,000 Net Police (Callick 2006b; Elegant 2006). A recent development is a move by the Information Office of the State Council to develop new measures to monitor mobile phone calls, and to regulate web logs and search engines (The Age 2006).

3.5.1 The role of the Communist Party of China in Universities

The history of China since 1911 shows that at various times university students have played a key role in agitating for political change. The violent end to the only major street demonstration against the role of the CPC since 1949, in Tiananmen Square in Beijing in June 1989, illustrated that the Party will not tolerate public dissent and sees university students as potential vectors of political disaffection. Immediately after the bloodshed, in which as many as 2600 people may have died, troops occupied key universities and research institutes in Beijing and compulsory one year military training was introduced at elite universities in Beijing and Shanghai. Liberal academics were disciplined with some being removed from their posts (Hutchings 2000). In 2005 the Chinese Foreign Ministry confirmed that the demonstrations of May and June 1989 were a counter-revolutionary rebellion (Reuters 2005). The regime of President Hu was reported as having “closed journals, stifled academic debate and detained journalists” signalling that it is unlikely to embrace reform (Reuters 2005). The CPC closely monitors events and people in universities partly to ensure there is no repetition of 1989, and because university graduates from high-ranking universities represent future generations of potential leaders. In most

prestigious universities senior members of the academic management and staff are members of the CPC. Students who wish to gain entry to the CPC may report on teachers who behave in a “provocative” manner.

3.5.1.1 Governance

All universities in receipt of government funds will have a Communist Party General Party Secretary or *Shu Ji* (Ryan 2005b). The Party Secretary is the Chairman of the Party Committee. In a structural sense all universities are led by the Party Committee which appoints the President and to whom the President reports. The University President is subject to the collective leadership of the Party Committee. Candidates for vacant positions are recommended for membership by the current Party Committee. The candidates are subject to a vetting process which includes scrutiny of their *dangans* as well as interviews with current and former colleagues. Usually candidates must be approved by the Municipal Party Committee (Derived from Field Notes 5 June, 2002).

3.5.1.2 The Youth League

The Youth League is a political organisation controlled by the CPC. It has branches in all universities, high schools, state owned enterprises and large private enterprises. Only those who are recognized as advanced students or young employees (under 25) can become League members. President Hu Jintao was Secretary General of the Youth League (Xu, L. 2005).

3.5.2 The Role of the Foreign Affairs Office

Every university in China has a Foreign Affairs Office which is staffed by members of the CPC and is a channel of communication to the Public Security Bureau on issues regarding foreigners. It also takes responsibility for hosting and monitoring the activities of foreigners as well as visits abroad by the university staff. A key role is to ensure that people of appropriate rank are involved in meetings with foreigners and that these meetings are monitored. The staffs of the Foreign Affairs Office are sometimes referred to as “barbarian handlers” (Seligman 1999 p.89).

3.6 Intergenerational Differences

Lim (2000) notes that socialisation theory suggests that a person's attitudes, values, norms and behaviour patterns may be the result of learning from his/her social environment including parents, siblings, relatives, friends, business associates, government officials, co-workers, bosses, subordinates and others. The study by Ralston, Egri, Stewart, Terpstra and Kaicheng (1999) showed that Chinese intergenerational differences in attitudes were quite significant. For example Chinese managers under 40 exhibited increasingly individualistic tendencies and were more likely to act independently and take risks even when their actions were in conflict with traditional ways. This is in contrast to the experience and attitudes of managers aged more than 40. During their careers these managers would have experienced a management style which could be described as party-secretary one-man management where central control and co-ordination of power at the top echelon of management, and a lack of delegation in decision making, reflected a one man style of management which emerged in the 1949-78 era as a result of the application of the Leninist/Stalinist form of communist ideology (Lochett 1988). In this tradition management is conducted by vertical relationships between leaders and followers (Yuan and Hall 2003).

Ralston et al (1999) point out that managers under 40 were teenagers in the 1970s and 1980s when there was some reversal of the previous policies of rejecting Confucianism and commerce with the west. In contrast those born in the 1950s who were teenagers during the 1960s would have absorbed messages from the government that Confucianism was to be replaced with communist ideology and anything western was subject to official denigration.

3.7 The Critical Role of the Intermediary or *Zhongjian Ren*

In China suspicion and distrust characterise all meetings with strangers (Graham and Lam 2003). Trust is transmitted via *guanxi* which means that a trusted associate of the researcher must pass the researcher along to a trusted associate of his. The crucial first step in this transfer is called "non-task sounding" and involves seeking

out personal links between the researcher and the associate of the intermediary (Graham and Lam 2003) during social events such as informal meetings and dinners.

3.8 Case Study

The following case study describes the applications of some of these important concepts to a business case study. The reader should keep in mind the point made by Martin (2004) that the increasing economic power of China will also increase the importance for non-Chinese business people of understanding Chinese values and culture. While on the surface it may appear that the Chinese are becoming more like westerners it should be kept in mind that modernity is more than simply technology and the use of markets, it is also embedded in and shaped by culture. Thus Chinese “modernity” as it develops may take a very different path to western “modernity”. Over time this development is likely to present a challenge to western values and belief systems. A practical example of this is the relative weight placed on merit and the egalitarian ethos by the management of RMIT University (RMIT) compared to the Chinese university in the case study. The case study indicates that for RMIT, issues of hierarchy, face and reciprocity were of much lower priority than merit and egalitarianism, whilst for the Chinese the priorities were reversed.

3.8.1 Launching a Corporate MBA in China

In 2004 RMIT launched an MBA program, in conjunction with a Chinese University, for a major Chinese company. Up to three weeks before the launch of the program all communications with the Chinese parties had been conducted through a subsidiary company of RMIT. The project concept originated as a result of a personal relationship between a staff member of the subsidiary and a senior manager in the Chinese corporation. The aim of the Chinese corporation was to introduce 21st Century management concepts and a global outlook to talented and promising young managers. When the original agreement had been drawn up between the subsidiary company and the Chinese parties the entrance requirements and quality assurance requirements for the MBA were not described accurately, nor were many elements of the delivery of the program. This lack of detail in the agreement led to ongoing difficulties.

The Chinese company recruited about 40 candidates for the program using a selection process that was rigorous but did not include an assessment of English language capability. Prior to commencing the MBA the students were required to undertake a preparatory English language program. The first assessment revealed that more than half the candidates were unlikely to reach the required entry level of English language ability. RMIT agreed to modify its English entrance requirements on the understanding that the students would receive special English language support during the program, that all learning materials, lectures and assessment would be conducted in English and that the approach would be subject to review during the life of the program. In the event 34 candidates met the revised English entrance criteria although the Chinese parties had agreed to pay for a minimum of 35.

3.8.2 The Key Issue of Entrance Requirements

Once communication was established between the Chinese University and RMIT the issue of the English language entrance requirements dominated discussions. Attempts were made to persuade the RMIT representatives in China to lower the English entrance requirements so that more than 35 could commence the program. Eventually the President of the Chinese University wrote to the Vice Chancellor of RMIT requesting special consideration for three of the five candidates who failed to reach the required standard. One of these three candidates was the son of the President of another University which had a relationship with RMIT extending over more than a decade. Correspondence came from the Chinese Director of the RMIT Program and from the Foreign Affairs Office of the university.

3.8.3 RMIT Strategy

The strategy adopted by RMIT in dealing with the circumstances described above was based on an understanding of the concepts of Chinese culture.

Because there had been no time for non-task sounding a fast track approach had to be adopted to establishing relationships. As soon as direct communication was established an organisation chart was supplied to the Chinese so that they could understand the rank of managers they were dealing with and their positions in the RMIT hierarchy. The aim was to clearly indicate the rank of each person so that the

Chinese could be assisted in establishing peer to peer relationships. It was made clear to the Chinese that the subsidiary company and its management were subordinate to RMIT and its management.

A clear set of processes was explained in meetings and in written form mapping the progress of the students through the preparatory English program, the application process, the orientation process and the learning activities. The expectations of RMIT in terms of English entrance requirements, bilingual study support, learning environment and access to computer laboratories and the internet were all clearly documented.

An advance party from RMIT University visited the Chinese University prior to commencement of the program to ensure that understandings of the requirements referred to above were mutual, and to avoid loss of face for both parties which might arise as a result of mismatches in expectations. In the event this advance party had to deal with the issue of the misunderstandings about English entrance requirements, almost from the moment they arrived.

Prior to the departure of the advance party, a letter was received from the Chinese parties requesting that all candidates be accepted into the program regardless of their English level. RMIT responded with a letter signed by the two Pro-Vice Chancellors responsible for the program, making clear the reasons for the English requirement and that student who did not meet the requirements would not be accepted into the program. The aim of this letter was to provide support for the advance party and to make it clear to the Chinese side that senior managers of the University supported the approach. While the advance party was in China the English results were published and five candidates failed.

3.8.4 The Chinese Strategy

The Chinese adopted four approaches in seeking to have their point of view accepted:

- Pressure was applied to the advance party by isolating the party and cancelling meetings with the Vice President of the Chinese University at short notice and discussing “scenarios” of methods of overcoming the problem;

- A personal approach was made to a middle manager at RMIT by his Chinese counterpart on behalf of the President of his university, the son of whom had failed;
- Attempts were made to apply pressure to individuals to persuade members of the advance party to agree to admit the failed students. This was countered by email from one of the Pro Vice Chancellors responsible for the program pointing out that individuals in the party did not have authority to make decisions on this matter; and
- A letter was sent by the President of the Chinese University to the Vice Chancellor of RMIT requesting special consideration for the failed students.

3.8.5 RMIT's Response

Ongoing email correspondence was used to support the advanced party, especially those members wavering under pressure. The correspondence reminded all concerned of the attitude of senior RMIT staff and of the lack of decision making authority of the members of the advance party in the RMIT hierarchy. The response from the Vice Chancellor to the letter from the Chinese side explained the history of RMIT's special arrangements for the program and the understandings about the special support to be provided to the students. It also stressed the importance of English language ability in successfully completing the program and repeated the suggestion that the failed students should be given a second chance.

In the meantime letters had been sent from RMIT to the students who failed to meet the entrance criteria and to their managers. These letters were carefully crafted in order to minimise the loss of face for the students and for their employers as a result of them not passing the English entrance requirements. The contents of the letters stressed the hard work and relative success of the students given their low level of English at the start of the program. The letters also referred to the transformation of the students as a result of their experience and recommended that because they were now even more valuable employees they should be given a second chance to improve their English and join the second intake into the MBA program. These letters were not only a way of giving face to the students but also a method of seeking to develop a *guanxi* between RMIT and the failed students by extracting some positives out of a situation involving potential massive loss of face, particularly for the students who were the sole candidate from their Province. Copies of these

letters were also provided to the Vice Presidents of the Chinese University and of the company, as a way of helping them to understand RMIT's position and also as a device assisting them to save face within their organisation by making it clear that the problems were caused by the foreign barbarians.

The process described above took place over a few days and involved stakeholders in Melbourne, Malaysia, Vietnam and China.

3.8.6 The Chinese Cultural Context of the Exchange

The case study can be reviewed using the concepts of Chinese culture and society described earlier in the chapter.

The project came into being because a member of the staff of the RMIT subsidiary was part of a *guanxi* network including a senior manager of a Chinese corporation. This person became the intermediary between RMIT University and the Chinese University. Unfortunately the intermediary miscommunicated information about the English language requirements and other details of the MBA program of RMIT University and did not have a *guanxi* network inside RMIT University that would have provided access to this information. The person remained as the sole communication channel between the two universities up to the point where implementation of the project had reached a critical stage. This led to multiple misunderstandings.

The transfer of intermediary status to the RMIT University project manager was very difficult to achieve given the insistence of the previous intermediary in maintaining a controlling and central role.

Steps taken by RMIT to deal with the problem caused by the miscommunications included the provision of an organisation chart showing the relative status of Academic Pro Vice Chancellors in the RMIT hierarchy and the repetition of advice that the academic Pro Vice Chancellors were responsible for, and made decisions about, academic programs. In terms of hierarchy the RMIT Pro Vice Chancellors were equal in status to the Chinese University Vice President who had responsibility for the program. It was made clear both at meetings and in writing that the RMIT Project Manager had the same status as the Chinese Project Manager.

The fact that the final attempt at requesting a variation in RMIT's entrance standards was from the President of the Chinese University to the Vice Chancellor of RMIT was to be expected given the Confucian concepts of rank and seniority.

The ongoing attempts by the Chinese to have their point of view accepted was to be expected given the Chinese view of a contract, as setting out the principles of a relationship indicating ongoing cooperation between trusted colleagues (Fan 2006) rather than a detailed catalogue of the responsibilities of the parties. The concepts of interpersonal harmony and reciprocity are in play when the parties strive to maintain harmony through the reciprocity of returning a favour for a favour. This ongoing give and take was also part of the relationship building aimed at bringing the RMIT staff into the inside circle or *guanxi* network established to bring the project to fruition.

The letters to the University and the senior managers of the Company about RMIT's expectations regarding English were designed to protect the RMIT advance party against the extreme pressure that was anticipated would be applied to them. The fact that the letters were signed by Pro Vice Chancellors was designed to indicate clearly that the advance party had no authority to change the rules and that their views were simply a reflection of the views of senior managers of the University.

The above mentioned letters, and the letters to the students and their employers, were designed to save face for the recipients. The senior Chinese managers were able to blame the foreigners for an outcome which was less than the goal of the Chinese, and also less than expected by the Chinese candidates, who had been told at least twice, that they would all undertake the programs regardless of their English score. The letters enabled the students to show that although they had worked very hard, they were not able to reach the required standard, because the mountain they had to climb was higher than that of other students who had superior English skills at the beginning of the program. They were also able to use the contents of letters as supporting evidence as to why they should have a second chance to undertake the program. Their managers were able to extract similar messages about the performance of candidates they had selected in seeking to save face with their superiors. Finally these letters were also important for the individuals concerned

because copies of the letters were likely to be entered onto the *Dangan* for each person that received them. Thus the letters could play a role in determining future career prospects.

RMIT had extensive operations in China at the time so it was important that the situation be handled with great sensitivity. The Chinese corporation involved is a key component of the Chinese economy thus it could be assumed that both the national government and Communist Party of China would be monitoring the progress of the project. If RMIT was perceived to be behaving inappropriately, some negative consequences could have eventuated for other RMIT projects.

The approval document makes it clear that there was an expectation by the State Ministry of Education that the project would improve the quality of management education in China and result in a "technology transfer" in terms of teaching and learning methodologies to the Chinese University.

The document states:

... Meanwhile you should pay special attention to learning the advanced teaching model, teaching systems, teaching methods and management experiences of the foreign country; improve the course construction and teachers training, improve the training quality and the general effects of co-operations; enhance the innovation of teaching and the variety of methods of training for high level management people ...

If you meet serious problems during the co-operation please report as soon as possible ..."

(State Ministry of Education China 2003, Approval Documents, 2 December, Beijing).

The outcome of the project included the graduation of all 34 students some of whom achieved outstanding academic results. The Chinese University sought an ongoing relationship with RMIT University involving a wide range of activities including further cooperative education projects such as MBA programs.

3.8.7 Conclusion

The desire by the Chinese University for an ongoing relationship with RMIT University is an indicator of the success of the crisis management strategy adopted by the University Management.

In summary the Chinese strategy involved attempting to use interpersonal harmony, *guanxi* and hierarchy as a way of reaching their goal of having all students undertake the program regardless of their English capabilities. RMIT's response to the difficulties was informed by knowledge of Confucianism, in particular respect for seniority, by an understanding of the importance of hierarchy, *guanxi*, face, interpersonal harmony and reciprocity. Application of the approach required close co-ordination between the RMIT advance party and middle and senior managers at RMIT.

Foreign universities contemplating the development of relationships in China may find the case study to be a source of valuable insights to inform their own strategy development and implementation.

Chapter Four

Research Methodology –

Stakeholder Theory and the Challenges of Conducting Research in China

4.1 Introduction

The purpose of this chapter is to outline the research plan and then to reflect on some of the challenges that emerged during this research project into strategy formation in Chinese universities. It contrasts the original plan with the empirical outcomes of the data gathering process and highlights some of the important challenges in conducting qualitative research into universities in China. This is an area where there have been few other studies published in English so the focus is on gaining insights which may provide a basis for more rigorous investigations at a later date.

4.2 Strategy and Stakeholder Theory

Stakeholders have been defined in various ways, for example Turnbull (1997) described strategic stakeholders as those entities that are essential for the activities of the business, such as customers, employees, suppliers and some members of the host community. These entities are involved in the information and control systems of the organisation.

A broader definition of stakeholders was provided by Sternberg (1997,p.3) who defined stakeholders as "those groups without whose support the organisation would cease to exist". Freeman (1984) described a stakeholder in an organisation as any group or individual who could affect or was affected by the achievement of the organisation's objectives. Bryson (1995) defined stakeholders as any person or group or organisation that can make a claim on the organisation's attention, resources or output and is affected by that output. Managers themselves can be considered to be stakeholders with an interest in remaining in charge and in control of the organisation's assets and revenue streams. Bolman and Deal (1997, p.202) described the "lowerarchy" as those stakeholders groups in middle and lower level positions who can devise ways to resist, divert, undermine and overthrow change efforts.

According to Bryson (1995) the business management approach to stakeholder theory tends to focus on groups or individuals who have the power to affect the organisations future. Groups or individuals without that power are not considered

stakeholders. The power perspective suggests that an effective organization is one that satisfies the interests of the most powerful constituencies (Weimer and van Riemsdijk 1998). Powerful constituencies are those that have control over scarce resources that the organization needs to survive (Pfeffer and Salancik 1978).

Management is constantly faced with decisions which have to take account of the interests of stakeholders (Wasilieski 2001). Management at different levels in organisations must adopt "corporate governance strategies and policies that facilitate the maintenance of an appropriate balance between the different stakeholder interests" (Ogden and Watson 1999, p.527). These decisions relate to the priority of stakeholders in terms of the issues agenda of the organisation (Wasilieski 2001).

Mitchell, Agle and Wood (1997) argued that the degree to which stakeholders can exert influence on decision making by managers depends on the managers' perceptions about the extent of three key stakeholder attributes – power, legitimacy and urgency. They defined "stakeholder saliency" as "the degree to which managers give priority to competing stakeholder claims" (Mitchell et al 1997, p.854). They assumed that a party has power in a relationship "to the extent it has or can gain access to coercive, utilitarian, or normative means to impose its will in the relationship" (Mitchell et al 1997, p.865). Coercive power is based on the physical resources to exercise force in the relationship. Utilitarian power derives from the ability to use control over financial resources to exercise power whereas normative power involves the use of symbolic resources (Wasilieski 2001).

Mitchell et al (1997) described stakeholder legitimacy as a generalised perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions (Suchman 1995). The third stakeholder attribute, urgency, occurs when a "relationship or claim is of a time sensitive nature and when that relationship or claim, is important and critical to the stakeholder" (Mitchell et al 1997, p.867). In the management of stakeholder claims the element of urgency is necessary to determine which claims get priority attention from managers because delay in paying attention to the claim is unacceptable (Wasilieski 2001).

Mitchell et al (1997) described a stakeholder perceived as only having one of the three attributes as "latent". When stakeholders are perceived to have two attributes they are described as "expectant" because these stakeholders expect something from the organisation. Stakeholders perceived as possessing all three attributes are described as "definitive" and their interests take priority over all other stakeholders. There is evidence that Chief Executive Officers give priority to stakeholders according to their perceptions of the salience of different stakeholder groups (Agle, Mitchell, Sonnenfeld 1999). Scott and Lane (2000) concluded that managers attend to certain stakeholders more than others because of time and cognitive constraints. While the researcher did not set out to test the stakeholder salience theory with the managers of Chinese universities, some inferences will be drawn from the data about the perceptions of stakeholder salience held by the interviewees.

Chung, Yau, Tse, Sin and Chow (2005) argue that in order to develop stakeholder theory it is necessary to study how stakeholder orientation works in different market structures especially in transition economies that are playing an increasingly prominent role in the world economy. It is particularly important for companies from developed economies to gain an understanding of the rules that apply in the targeted transition economies. Foreign universities wishing to develop relationships with Chinese universities would benefit from developing an understanding of the roles and views of the key stakeholders.

Strategy can be broadly conceived as a course of action aimed at achieving an organisation's purpose (DeWit and Meyer 1999). Development and implementation of strategy is a key task for managers and a complex one as there are so many stakeholders including shareholders, employees, suppliers, customers, government and community whose demands on the organisation must be weighed and priorities acknowledged in the process of organisational decision-making.

In China the fundamental role played by universities in society means that there is a wide range of stakeholders who have views about the strategy pursued by universities including the role that universities should play within society, the responsibilities that they should shoulder and the ways in which they should conduct their affairs. For Chinese universities possible purposes for existence, roles and ends might include:

- The development of community minded citizens;
- The development of a highly talented work force to promote economic growth;
- The development of a work force suitable for the globalised economy of the 21st century and as a key attractor of foreign direct investment;
- A key source of innovation and ideas to drive the next stage of economic growth in China as Chinese designed and developed products become increasingly competitive in world markets; and
- As a bridge to the outside world for the exchange of ideas and innovation.

The activities of Chinese universities may be constrained by the official communist ideology. An example of this might be constraints in giving priority to the needs of students where this might clash with the interests of the Party, for example in providing free access to the internet. According to Chung et al (2005) key elements of communist ideology in China are:

- A rejection of the right to private property ownership. This can translate into action to restrict the ability of shareholders to extract profits from business ventures. The long debate over an acceptable level of profit that can be derived from privately provided education is an example of this view in action.
- A rejection of individualism as being contrary to the collective nature of socialism. Application of this approach could lead to low priority being given to of consumer and employee rights. For example an employee who bargains for better conditions or more benefits could be regarded as undertaking selfish acts which are against the interests of the collective. This ideological way of thinking could constrain the actions of teacher unions and of individuals in Chinese universities.

As will be seen later, the themes referred to above emerge from the interview data. Paying attention to stakeholders and their interests is important throughout the strategic management process because "success" and survival for public organisations depends on satisfying key stakeholders according to their priorities and their definition of what is valuable (Bryson 2003). In any enterprise managers must seek to develop and implement strategy in ways that balance the competing interests of stakeholders who are seeking to have their interests maximised through

the decision-making and behaviour of the organisation. These pressures can range from being partially conflicting to mutually exclusive (DeWit and Meyer 1999). However if the key stakeholders are not satisfied according to their criteria for satisfaction the normal expectation is that something will change, for example budget cuts or changes in leadership (Bryson 2003).

For Chinese universities the spectrum of purposes in the minds of key stakeholders could range from serving the needs of individuals who are paying fees for a service, to serving the needs of the State as identified in plans and patterns of funding. A fundamental question is does university education exist to serve the needs of the market expressing individual preferences or the requirements of the State expressing the needs of the society? This issue was a topic of intense debate within the Communist Party of China. A new law on promoting the development of privately funded education institutions was rejected three times by the Standing Committee of the National Peoples' Congress before it was passed into law in 2002. The Chairman of the Standing Committee of the National People's Congress stated "promoting the healthy growth of privately funded education contributes to the overall development of national education" (China Daily News 2002, p.1). The new law created a legal framework to direct the rapidly growing private education sector. The law enabled investors in private education to make "legitimate" economic returns to encourage private involvement in education but stressed that profit seeking should not become the only objective.

In 2003 the "Regulations of the People's Republic of China on Chinese-Foreign Cooperation in Running Schools" were adopted at the 68th Executive Meeting of the State Council. These regulations had the purposes of standardising Chinese-Foreign cooperation in running schools, strengthening international exchange and cooperation in the field of education and promoting the development of the educational cause. (Ministry of Education 2003). The implementation measures to supplement the new regulations were released in July, 2004. The "Implementing Measures" applied to the establishment, operation and administration of Chinese-Foreign cooperatively run schools and the approval and administration of Chinese-Foreign cooperatively run projects offering education for academic qualifications, tutoring self-taught students for examinations and supplementary teaching of school courses on pre-school education (Lambrick 2004). The intentions expressed in the

measures were to attract high quality foreign education resources while ensuring that the rights of all parties were managed and protected and to encourage Chinese-foreign co-operation in running schools to which high-quality foreign educational resources are introduced (Ministry of Education 2006). These laws and regulations provided the framework for foreign entities wishing to establish educational ventures in China. They were an expression of the views and power of the major stakeholder in Chinese universities – the Chinese Government.

4.3 Stakeholder Theory in Chinese Universities

Chinese universities can be described as political “arenas, contests or jungles” where “Different interests compete for power and scarce resources” (Bolman and Deal 1997, p.14). They are both arenas and agents. As arenas they provide a setting for the ongoing interplay of interests and agendas among different individuals and groups. As agents they can be powerful tools for achieving the purposes of those who master them (Bolman and Deal 1977). In China the debate within the Communist Party of China over the role of education has been played out in universities sometimes with disastrous consequences for those involved.

In China, government is a most important stakeholder in universities, supplying about two thirds of the funding for undergraduate places. In contrast to some countries, the priorities of the national government in terms of outcomes sought from universities are relatively explicit and supported by the clear separation of universities into different categories relating to the balance between teaching and research. This categorisation is reinforced by the funding models used by local and national governments.

Chinese Universities face the situation where demand for university places exceeds supply but the ability of universities to meet the demand is constrained by government imposed restrictions on fees and on the number of places that can be made available. Governments accept that contributions from students via fees are one way of generating extra university places. In 2002 one consequence of this acceptance by government of the need for more market oriented solutions was the increasing influence being exerted by students and their families as “customers” or

"clients". This development was not one that was necessarily welcomed by University managers as it added a degree of complexity to the management task not previously experienced in universities in China. There were major generational differences in values and life experience among the managers and the people they managed, which added to the degree of difficulty. As noted in the following chapters, the life experiences and expectations of most university managers in the study were very different to those of students which provided ample scope for misunderstandings and disagreements.

While it is not wise to ignore stakeholders and it is a good idea to actively manage stakeholder relations, this does not necessarily mean that the organisation exists only to serve them. For managers, balancing the claims of stakeholders is a difficult task requiring an ongoing process of negotiation and compromise where the outcomes will depend on the bargaining power of each stakeholder. There is the possibility that managing the relationship with stakeholders can become an end in itself. DeWit and Meyer, (1999, p.441) describe stakeholder management as "instrumental" where it is seen as a technique for dealing with the essential participants in the value adding process, and as "normative" where the fundamental notion is that the organisation's purpose is to serve the stakeholders. They identify that teamwork among stakeholders is not possible if the organisation is aligned to serve only one group's interests. Thus a stakeholder perspective is necessary to develop trust between all the parties involved in the enterprise. Collaboration between stakeholders is much more effective than competition in achieving organisational goals. Even though different groups in an organisation have conflicting preferences they also have a shared interest in avoiding continuously destructive conflict so they are likely to agree on ways to divide power and resources (Bolman and Deal 1997).

An important task for the managers of Chinese universities is seeking ways to induce people to align themselves with organisational needs and purposes. This means gaining an understanding of the context in which they work, the relative bargaining power of different stakeholders, the goals, interests and outcomes sought by each group and the dilemmas and paradoxes that emerge. Senior managers must grapple with the fact that the Chinese government continues to hold key elements of bargaining power while allowing for the expression of other stakeholders' interests,

for example encouraging students to complain directly to university management or requiring all staff to be employed on a fixed contract basis. Forms of bargaining power held by different stakeholder groups include funding and the regulatory framework for governments, labour and intellectual property for the staff and recruitment patterns and fees for students and potential students.

University managers can find themselves pressured by top down strategy which takes little account of the risks in proposing changes that more junior staff are expected to carry out and which are based on the assumption that the right idea and legitimate authority are all that is required for success. Managers can find themselves dealing with the agendas and power of the "lowerarchy" which can resist, divert or ignore the strategy (Bolman and Deal 1997). Some of these pressures are mentioned in the interview data.

(DeWit and Meyer 1999) define corporate governance as involving governing the behaviour of top management. Part of this role requires the Board of Directors to make judgements about whether the interests of all stakeholders are being balanced in a fair and just way. Important functions in this regard include:

- Influencing the creation of the corporate mission which is a statement of the fundamental principles that will drive the organisation's activities. Key elements in this process are determining the purposes the organisation will serve and setting priorities among stakeholder claimants;
- Contributing to the strategy process with the intention of improving the future performance of the corporation by carrying out activities such as making judgements about strategic decisions brought forward by senior management, by acting as a sounding board for top management and by using its networks to secure the support of vital stakeholders; and
- Ensuring that the corporation is conforming to its stated mission and strategy and that its performance is satisfactory (DeWit and Meyer 1999).

In Chinese universities the Party Committee is embedded in, or makes up the body that carries out many of the functions of the Board of Directors. This is sometimes described as the University Council or Board. The effective Chairman of the Board will be the Communist Party General Secretary. This body represents the most

important stakeholder, the Communist Party of China, as well as the government and other stakeholders. The networking role of the Committee into government and Party circles is very important. The role of the Party Committee was a topic that was not mentioned explicitly by most interviewees although the role of the Party Committee and the Party Secretary were sometimes referred to obliquely in the interview data.

The Communist Party takes a keen interest in the activities of Universities for several reasons. Universities are the source of future leaders of China thus there is a need to ensure that appropriate values are being inculcated in students. Universities are also a source of the skilled personnel and intellectual property required to enable China to compete in the globalised economy of the 21st Century, as well as being a source of new ideas from outside China in their role as a bridge to foreign universities and research institutes. At the political level, in the past, university students have played a key role in destabilising existing regimes, thus the Party takes a close interest in the activities of teachers and students, particularly in leading universities.

4.4 Research Method

The research method involved conducting a descriptive study which sought to develop a picture of the process of strategy formation as perceived by the individuals who are responsible for managing various aspects of university organisations. The study was exploratory in that it was aimed at developing insights which can be used to explain the methods of strategy formation and the reasons underlying the methodology, which were being deployed in response to the organisational contexts of Chinese universities. The study aimed to conduct an exploration of social relationships and reality as experienced by the respondents. Sarantakos (2001) noted that such studies aim to describe the social systems, relations or social events providing background information about the issue as well as stimulating explanations. The approach is based on the interpretivist perspective that reality is not "out there" but is internally experienced and socially constructed through interpretation as experienced by the actors and is based on the definitions that people attach to it (Sarantakos 2001).

The approach was inductive in the sense that it involved gaining an understanding of the meanings attached by humans to events, as well as seeking to gain a close understanding of the research context through the collection of qualitative data with the researcher being part of the research process, as described by Saunders, Lewis and Thornhill (2000, p.91). The purpose was to learn from the experiences of the participants in the university setting from the way they experienced it, the meanings they derived from it and the way they interpreted the experience (Morse and Richards 2002). The analysis of the data aimed to derive general meanings from the specific experiences of the participants as recorded by the researcher (Sarantakos 2001).

Personal reflections are used in the body of the report to give life to the concepts and experiences being described, following the approaches of Jorgensen (1989), Roy (1952), and Turner and Acker (2002). The researcher had been a regular visitor to China from 1995 in roles such as teacher, researcher, negotiator, trouble shooter and ceremonial official and had an extensive network of contacts in universities. Thus there existed an ability to triangulate the data supplied by the interviewees through other contacts and through the interpretation of written material.

The aim of the research was to assess the influence of key stakeholders on strategy formation in Chinese Universities. In the initial stages of the project key stakeholders were identified as the national, provincial and city governments, university managers and staff, parents and students. The data was to be collected from university managers at three different levels.

The results are presented in Chapters Five to Nine with the analysis presented using the views of the different levels of management as the framework. There were clear differences in the perspectives of the different levels of management on many issues probably reflecting their priorities in terms of their perceptions of the salience of different stakeholder groups.

4.5 Phases of the Research

The research was planned to have three phases:

Phase one was to involve unstructured data collection in the form of interviews and focus groups with managers, staff and students from a range of universities and other institutions, including the six universities chosen as case studies, and collection of information about the universities. Three focus groups were conducted. The first involved managers from universities and involved testing the range of topics for discussion listed in the following pages. The second focus group involved Chinese teaching staff who delivered courses in a foreign joint education program and concentrated on their perspectives of the process of strategy development and implementation. The third focus group involved English language students at a Project 211 university and was aimed at gaining their perspectives on the role of universities in China and their goals, aspirations, sources of motivation and experiences.

Information collected from these focus groups provided a useful background as the researcher began the interview phase of the Project and ensured that the more structured observations were grounded in the social reality of the participants. The aim was to collect a rich set of data where the interviewees were able to develop their responses through explanation and reflection about their attitudes, opinions and decision-making methods. This information was to be used to develop topics for more structured interviews.

Phase two was to involve semi-structured interviews which were to be conducted with senior and middle academic managers and academic program managers from within the universities selected for the study. In order to be able to conduct these semi-structured interviews the researcher had to develop sufficient background knowledge to be able to decide on the questions in advance but not enough to be able to anticipate the answers (Morse and Richards 2002). The idea was to generate a series of open ended questions in some sort of logical order and to ask the same questions of all participants. These questions could be supplemented by planned or unplanned questions. The plan for the conduct of these interviews included assuming that the interviewee would be alone, possibly assisted by a translator, that a high degree of confidentiality would be able to be maintained and that it would be possible to tape record the interviews.

Topics which were identified for discussion during the phase one unstructured interviews and other forms of data collection included:

- The role of universities in China
 - Values
 - Workforce
 - Innovation
- The role of key stakeholders such as
 - National government priorities and plans (Wang 2000)
 - Provincial government priorities and plans
 - Parents and families
 - Students
 - Academic staff
- Organisational factors
 - History of the institution
 - Organisational structure
 - Funding sources
 - Current and target markets
 - Current priorities and plans
 - Organisational culture
- Impact of Confucianism (Chen G. 1993; Chung 1993)
 - Attitude of the professoriate (Postiglione and Jiang 1999)
 - Methods of conflict resolution (Chen G. 2000)
 - Communication processes
 - Management behaviour
- Strategy formation
 - Patterns of decisions that have been executed (DeWit and Meyer 2000)
 - Is strategy intended or emergent using the Mintzberg and Waters (1985) paradigm?
 - How are outcomes measured?

- Role of the individual
 - Nature of the decision-making environment
 - Nature of the decision making process
 - What are the attributes of an effective leader? (Julius, Baldrige, Pfeffer 1999)
 - Experience with Foreign Joint Ventures in China
 - Cultural factors (Chen G. 1997)
 - Are there guiding principles? (Xu X. 2000)
 - Impacts of foreign relationships on the Chinese university
 - Structural change (Chen G. 2000)
 - Social and cultural transformation

- Advice to foreigners wishing to develop joint ventures in China
 - Importance of culture
 - Communications processes (Douglas and Ross 1999)
 - Strategic relationships

Phase three involved the collection of the researcher's reports and accounts of events, including the interviews and the analysis of the data through a process of selection of information from the researcher's records and a word count analysis of the records of the semi-structured interviews conducted in China (Morse and Richards 2001).

4.6 Issues Expected to Arise During the Study

Sarantakos (2001) identifies some strengths and weaknesses of qualitative research. Strengths include the development of interpretations and meanings of social reality derived from the words of people embedded in that social reality as their natural setting. Thus it is possible to gain a deeper understanding of the world of the subjects by looking at the world through their eyes. However the reliability of this research method can be affected by its subjectivity. Reliability is defined as a situation where the same result would be obtained if the study were replicated and validity is taken as meaning that the results accurately reflect the phenomenon studied (Morse and Richards 2002). There is a risk of creating meaningless and

useless information if the representativeness and general usability of the information is limited. There is also the question of the objectivity and detachment of the observer and the ethical dilemmas that can arise when entering the personal sphere of the subjects.

Issues which were expected to arise during the study included:

- Literature in English about Chinese Universities could be difficult to obtain;
- It seemed unlikely that primary literature sources such as government reports, planning documents and conference proceedings would be available in English. It seemed likely that the researcher would be relying on obtaining assistance from other researchers in the field and government officials to obtain access to primary sources;
- Also relevant English language secondary sources such as books and journals were expected to be in limited supply;
- The approach to the research recognized that while the situation of the manager in Chinese Universities was complex and unique to each individual, it was expected that it would be possible to develop some generalisations about the underlying circumstances that they have to respond to and that these generalisations could have wider applications; and
- The approach involved developing theory as a result of data analysis. One implication of this was that there was a need to study the context in which events were taking place. This supported a small sample approach as each Chinese University has its own context. The aim was to accumulate rich data through the best possible collaboration with the participants to generate enough detail to allow people to provide a full account of their comprehension of the situation. It was hoped that the interviews would also produce dense data with repetition of themes providing some triangulation (Morse and Richards 2002). The aim of the interviews was to guide the participants rather than leading them.

All of the above meant that the ability to engage in face to face communication with the Chinese sample and with Chinese people in the role of intermediary was critical to the research. It was required in order to:

- Gain an understanding of how the Chinese participants interpret the circumstances within which they operate;
- Enable them to gain an understanding of the research context; and
- Enable the communication processes required in the collection of qualitative data.

This need for direct communication with people from a very different cultural background made the research a challenging activity. The challenges included improving the researcher's understanding of Chinese culture, society and the context of Chinese universities. As Morse and Richards (2002) point out people are tied to their worlds and are understandable only in their contexts. The records of the researcher's understandings are contained in Chapters Two, Three and Four. Many of the descriptions contained therein, while of interest to a non-Chinese, would be so obvious as to not require to be stated to a resident of China, including the interviewees.

Culture can be defined as the complex of social customs, values and expectations that affect people's ways of living and working, and their conceptions of aesthetic pleasure (Frow and Morris, 2000). In contemporary cultural studies, culture is thought of as bound up with relations of power and gender in the workplace, with the pleasures and pressures of consumption and with the complex relations of clan and kith and kin. Through these relationships a sense of self and belonging is formed and a network of embedded practices and representations is developed that shapes everyday life. Culture is not a given but rather a contested and conflicted set of practices of representation bound up with the processes of formation and reformation of social groups. This definition raises the question of whether the representations made by the researcher match the perceptions of the subjects in the study about their "culture". The researcher has had ten years experience in China and has been assisted by two Chinese mentors in developing his understanding of Chinese culture. He has assisted in resolving three crises in China, the latest of which is described in Chapter Three. Thus it can be said that while the researcher's understanding of Chinese culture is probably limited, it is less limited than the understanding of many other westerners.

Other, more direct challenges in the conduct of the research, which posed a threat to the validity and reliability of the findings, were:

- Inability to gain access and co-operation;
- Changes in people in roles prior to the completion of the relationship development and data gathering phase; and
- Changes in approach by the Chinese Government and Universities which may have meant that data patterns were disrupted.

4.6.1 Reliability

According to Easterby – Smith et al (1991 p.100) reliability can be assessed through the following questions:

Will the measure yield the same results on different occasions and will similar observations be made by different researchers on different occasions?

In qualitative research demonstrating reliability is difficult because the data are encapsulated within a particular context, thus creating a particular reality, which is unlikely to be replicable in another location or in the same location at a different time (Morse and Richards, 2002). These circumstances certainly applied to the interviewees because each context was different and the pace of change in Chinese Universities is very rapid.

Issues identified as likely to affect reliability included subject bias, observer error, data instability and reliability.

4.6.2 Subject Bias

Saunders, Lewis and Thornhill (2000) describe subject bias as interviewees saying what they thought their bosses wanted them to say. Subject bias was anticipated to be a particular problem given that China is an hierarchical society, both in social and political dimensions. Government officials can wield ultimate authority over most issues in Chinese universities. The major responses to this bias by the researcher were offers of anonymity both for the institution and the individuals concerned.

Jorgensen (1989) makes the point that most human settings are to some extent political in that they involve the use of power by people. Also people are ranked by

values associated with the positions they occupy and the roles they play. Differential amounts of prestige are attached to people based on their role. Power and prestige are related and are commonly a source of conflict and disagreement among rival factions. It can be difficult to maintain co-operative relationships with people of different ranks. Prolonged access to one rank may prohibit similar access to the activities of other ranks. The researcher understood that he would be relying on the goodwill of the Presidents of the Chinese Universities chosen for the study to obtain access to their university and staff. However it could not be assumed that all staff would be willing to co-operate beyond simple compliance with the Presidents' wishes. Also there was a danger of becoming involved in the factional politics within the University.

The role of the *dangan* means that what is held on the written record is very important. Thus it was clear that the letter seeking permission to conduct the interviews had to be unambiguous in stating clearly what the topics were to be included for discussion. One of the intermediaries assisting the researcher indicated that while the interviewees may be willing to discuss a broad range of issues, the written record must not have the potential to link them to unorthodox opinions that might have a negative effect on their future career ambitions.

4.6.3 Observer Error

Observer error may arise because the researcher as a non-Chinese, may have difficulty in interpreting the meanings in conversations where interpretation and translation between English and Chinese is required. It seemed unlikely that primary literature sources such as government reports, planning documents and conference proceedings would be available in English. The researcher would be relying on obtaining assistance from other Chinese researchers in the field and government officials to obtain access to primary sources. Even secondary literature sources such as books and journals may have limited availability in English. The researcher expected to be relying on expert help from intermediaries to assist in interpreting the meaning of documents written in Chinese.

4.6.4 Data Instability

Data instability could arise as a result of the high turnover rate for managers in Chinese universities. In response to this the researcher planned to complete the

interviews at each institution as quickly as possible, thus at least securing a snapshot in time of the particular world of the three levels of management responding to the study. It is unlikely that the study could be replicated, as the pace of development in China is very rapid, thus the prevailing set of circumstances at the time of the interviews will have changed and the people moved to different positions, by the time the research is published. Also it may not be possible for another researcher with different attributes to the current researcher to gain the same degree of access to the thinking of senior university managers.

Jorgensen (1989) makes the point that field relationships involve negotiations and exchange between the participant observer and insiders. This exchange is usually non-material and symbolic. The motivation for the researcher includes the opportunity to gain knowledge which can be published which will enhance the researcher's prestige and status. In order to pursue these goals the researcher needs access to the insiders' way of life in order to participate, observe and gather information. Jorgenson (1989) in considering the motivation of the researcher makes the point that insiders may not necessarily have anything to gain by trusting or co-operating with the researcher. In the light of Jorgensen's comments, during planning for the research project, consideration was given to what could be offered by the researcher in exchange for access to the world of the Chinese university manager. Items of exchange identified included information about other types of universities facing similar issues, a commitment to describe the situation from their point of view, praise, compliments and the performance of favours, respect, sincere interest and acceptable participation in relationship building in the relevant *guanxi* network. The answer as to whether these items of exchange would be sufficient to gain the information sought would emerge through the research project.

It was expected that the applicability of the findings would be assisted by the intention to develop case studies about different types of universities, as the intention was to interview managers from a range of universities including long established comprehensive universities and more recently established specialist universities. Robson (1993) defines "case study" as the development of detailed, intensive knowledge about a small number of related cases or a single case study. The aim is to gain a thorough understanding of the context of the research and the processes being acted out (Morris and Wood 1991). Case studies conducted via participant observation attempt to describe comprehensively and exhaustively the

phenomenon in terms of the research problem. (Jorgensen 1989) The universities chosen for the study could each represent a case typical of similar universities or as six examples of all Chinese universities given that all Chinese universities operate under the same national laws and regulations, although their circumstances in terms of ownership, power relations and market positioning are different.

4.6.5 Validity or Rigour and Trustworthiness

Morse and Richards (2002) describe validity as being about whether the results accurately reflect the phenomenon studied. This is because: "objective reality can never be captured. We can know a thing only through its representations" (Denzin and Lincoln 2000 p.5). In qualitative research triangulation can be seen as an alternative to validation (Denzin and Lincoln 2000). Issues expected to affect validity included the role of the researcher as participant observer, the availability of relevant literature in English, the role of interpreter/translation, difficulties in gaining access and the need for confidentiality.

Jorgensen (1989 p.9) makes the statement that:

Direct involvement in the here and now of people's daily lives provides both a point of reference for the logic and process of participant observation and enquiry and a strategy for gaining access to phenomena that commonly are observed from the standpoint of a non-participant.

He asserts that participant observation is the most appropriate research method when the research problem is concerned with human meanings and interactions viewed from the perspective of the insiders, and where the phenomenon of investigation is observable within an everyday life situation or setting and where the researcher is able to gain access to an appropriate setting. Part of the everyday work role of the researcher involved developing an understanding of how his employer, RMIT University, could integrate its strategy with the strategy of its partners in China and with the strategic approach of various levels of government. Thus the research study could be seen as an extension of the usual employment of the researcher at the time. However it was intended to reveal the author's purpose as a researcher to the participants in the study in order to develop a level of trust among the participants. It was hoped that the interviewees would develop a

perspective of analytic reflection on the processes in which they are involved as described by Robson (1993).

4.6.6 Observer Bias

Saunders, Lewis and Thornhill (2000) note that while participant observation is very high on ecological validity because it involves studying social phenomena in their natural contexts; it is subject to problems of reliability in the area of observer bias. Jorgensen (1989) describes methods of dealing with observer bias as including constantly maintaining an awareness of one's personal and professional interests in human life and making explicit the actual procedures used to produce factual information. He recommends the collection of information from multiple standpoints and sources. For example concepts can be formulated and checked by multiple procedures and forms of evidence such as direct experience and observation, using different forms of interviews and different informants and collecting different forms of information, artefacts and documents.

Jorgensen (1989) also makes the point that the social location of the researcher determines what is observable, in that the participant observer role can range from complete outsider to complete insider. The performance of multiple roles offers the advantage of providing access to different standpoints and perspectives. Thus the researcher's multiple roles of negotiator, relationship manager and researcher provided several perspectives from which observations could be conducted. The hierarchical nature of Chinese society and the role of relationship networks meant that the researcher would be unlikely to gain access to the target group of managers unless the researcher had similar status and had, at least potentially, something to offer in terms of being a person worth developing a relationship with.

4.6.7 Language and Communications

Given that the researcher does not speak or read Chinese, the issues around communication were expected to be very important. It was intended to seek expert advice on methods of ensuring that interviewees understood the concepts being discussed from their perspective.

4.6.8 Concealing Identities

While the need for anonymity is a given in qualitative research, in China there is a particular need to protect the identity of the institutions and individuals who contribute data to the study. This meant that any references to the characteristics of individuals or institutions which might enable them to be identified were to be avoided. The researcher has an ethical obligation to protect the sources from harm as a result of being identified as expressing attitudes and beliefs which are not in tune with the leading ideas of the group in power at the time. Thus there was a need to develop analytical categories and to frame the arguments and evidence in ways that provided protection to the data sources. Methods of dealing with this issue which were considered included concealing the identity of all institutions and individuals by using false names for the institutions and identifying individuals by category of management e.g. Senior Manager, Middle Manager, Line Manager. Another way of approaching this issue would have been to create an illusion about the number of universities in the survey and to mask the identity of the interviewees by creating a small number case studies utilizing three levels of management which provide 'all purpose' case studies. The problem with this approach was that the six universities involved did not share much in the way of similar characteristics except at the very macro level.

Another approach which was considered involved examining the pools of meaning emerging from the individual interviews to assess if there were consistencies across management levels or age levels for example. If there were consistencies, it could be possible to report on a thematic basis rather than using case studies based on institutions.

After extensive consideration and consultation with critical friends, the final decision was to analyse the data using the six universities with code names to conceal identity and the three levels of management described as "senior", "middle" and "program". Very little detail is provided in the report about the universities and individuals in order to preserve anonymity. This approach enabled a thematic presentation of the data exploring the responses of the managers to the key categories that emerged during the interviews. The costs of this approach included removing the rich texture of the data that was collected about the life experiences of the individuals in the

study and the contexts and challenges of the universities in which they experienced their working lives.

4.7 Issues Arising in Practice

The following section reports on the challenges experienced in conducting research in China in practice and contrasts the actual experience with the expectations outlined above.

4.7.1 Approach

The general approach of using stakeholder theory as a way of explaining strategy formation was discussed with a group of managers and administrators of government agencies, corporatised agencies and private enterprises from Tianjin (Fraser 2003a). A working paper on Chinese Universities at the beginning of the 21st Century (Fraser 2003b) now embedded as Chapter Two in this thesis, formed the basis of the discussion and an exercise was conducted which involved identification of the key stakeholders of universities, the nature of their goals and objectives and expectations and how these views would be expressed. There was a close match between the consolidated views of the delegation and the underlying assumptions of the study. The working paper was considered to be an accurate representation of the situation of the Chinese Universities in 2002. The approach was also discussed with a group of managers from a major Chinese enterprise which was in the top twenty in the world in terms of size of workforce, and was found to be a valid method of analysing strategy formation.

The paper was also presented at the 15th Annual Conference of the Association for Chinese Economics Studies Australia (ACESA) in 2003 to an audience drawn from Chinese, Australian and other universities. The paper was endorsed as being an accurate representation of the situation in Chinese Universities. All interviewees endorsed the list of key stakeholders provided by the researcher and all who have read the paper describing the situation of Chinese Universities at the beginning of the 21st Century have commented favourably on the accuracy of its contents.

An earlier version of Chapter Four was presented at the 2004 RMIT Research on Research Conference to an audience including many Chinese research students. These students verified the need for the approaches outlined in the following pages when conducting research in Chinese Universities. Also the question of “what is the role of universities in China” was tested with a focus group of Chinese students.

The assumptions about how the interviews would be conducted proved to be not accurate. Some interviews were conducted with the interviewee alone and in English. Some were conducted with the interviewee and a translator. However several interviews were conducted in the presence of many people, especially where the most senior managers were concerned. Not one interviewee agreed to have the interview recorded on tape.

As the following notebook extract shows, the extended responses of the participants meant that the number of topics covered and questions had to be reduced.

Reflections on first two interviews:

- *Too many headings to discuss in 95 to 120 minutes. Thus I reduced the topics to broader headings*
- *No time for discussion, just kept asking questions*
- *Each area could be dealt with far more exhaustively*
- *Need to be flexible given the difficulty in pinning down time slots*
- *Also cannot predict the time of the interview*
- *Also not possible to have identical settings, for example:*
 - *Need translator sometimes not others ...*
- *Length of time to transcribe – 2 hours for every 1 hour of interview*
- *No tape recorders*
- *Translation and note taking means probably missed bits but got most of the story*
- *Requests for anonymity*
- *This is a snapshot in time ... the issues being grappled with by Chinese universities will have passed in 5 to 10 years ...*

(Extract from Field Notes 28 November 2002)

The questions actually able to be addressed were:

- What are the purposes and roles of universities in China?
- Who are the key stakeholders?
- How do they exert influence on universities?
- What is the process of strategy development and implementation?
- What are the objectives of collaboration with foreigners in joint ventures in education?
- What lessons have been learned from dealing with foreigners?

The experience of conducting the interviews supported the view of Fontana and Frey (2000) that interviews are not neutral tools, rather the researcher can be seen as an active participant in interactions with respondents, and interviews can be seen as the negotiated accomplishments of the interviewers and respondents that are shaped by the contexts and situations in which they take place. It is not possible to lift interviews out of the context in which they were gathered and claim them as objective (Fontana and Frey 2000). The interviews conducted for this thesis could be described more accurately as communication events and the method as participant observation, because what is recorded is what the participants chose to say and the researcher's understandings of what was said. The researcher was not able to control the settings, the timing or the number of people present at the interview. The only control able to be exerted by the researcher was via the use of the six topics - the questions which provided the structure for each interview/communication event.

4.7.2 Political Sensitivities

Phase one of the project involved unstructured interviews with a range of managers and staff from Chinese universities. Issues which emerged from this phase included the need to pay very close attention to politically sensitive areas, in particular the role of the Communist Party of China (CPC). For example in a record of one focus group meeting where participant verification was being used, references to the 1989 Tiananmen Square events were removed by the members of the group. Also references to "difficulties" or anything that could be construed as critical of senior management was removed. Advice from other researchers in the field was sought and the recommendation was provided that participant verification was not a common approach in this type of study. Singh S. (2002) pointed out that giving

participants the opportunity to check transcripts gives rise to a different form of discourse.

Great care was taken with the preparation of the letter to the President of each University requesting participation in the study. The role of the *dangan* in determining people's future prospects means that individuals are very discriminating in the nature and content of the documents that they sign. This meant that the contents of the letter describing the topics to be discussed had to be very precise and non-controversial. It was made clear to the researcher that the written record must show that the interviewees did not discuss any sensitive topics or state secrets. This was especially important for senior officials or aspiring lower level academic staff (Xu 2002).

4.7.3 The Roles of the Interviewees

The managers who were interviewed for this study came from six Chinese universities. For the purpose of maintaining confidentiality the names of the Universities are fictitious and the interviewees are categorised as senior manager, middle manager and program manager. Senior managers are Presidents or Vice Presidents, Middle Managers are Vice Presidents or Deans and Program Managers are Directors or Associate Deans.

The Presidents of the universities in the survey determined who could be interviewed. The Vice Presidents interviewed as senior managers had university wide functions whereas those interviewed as middle managers had specific functional responsibilities.

The following extract from the researcher's field notes describes the decision making process in State owned Chinese universities. It was provided by anonymous informants.

The decision making structure in State owned Chinese universities is prescribed in the Higher Education Law which was passed following the Tiananmen incident of June 4, 1989. Prior to this date there were some universities where the President was able to make decisions in his own right. Since 1989, University Presidents are subject to the leadership of the collective of the Party Committee thus the President does not have the same

autonomous powers as Chief Executive Officers in other Chinese organisations.

The composition of the Party Committee includes standing members such as the President and Vice Presidents. It is chaired by the Party Secretary of the University. The Party Secretary is theoretically an equal member of the Committee with no more influence than other members. Each member has a four year term.

Selection of the members involves a process whereby the current committee suggests candidates for senior staff positions to the Provincial or Municipal Education Commission which is under the direction of the Party Secretary for the Province or City ... These candidates are vetted by officials from the commissions. Vetting involves building a file on each person by interviewing a range of their associates and by assessing the writings of the person over their career.

Candidates must be approved by the Municipal or Provincial Party Committee before they can undergo an election process which will occur if there are more candidates than there are places.

The role of the Committee is to make all important decisions including the strategic plan, recruitment, joint projects, construction plans, annual budgets, personnel problems, salary structures. It meets weekly or fortnightly. The size of the Committee depends on the number of staff and students in the university.

The President chairs a management committee including the Vice Presidents to deal with daily issues and matters of detail. It makes suggestions as to what should be discussed with the Party Committee.

In order for a proposal to be approved all members of the Party Committee must agree. The Party Committee represents a collective voice ...

(Extract from Field Notes 5 June, 2002)

A summary of the responsibilities of positions occupied by the interviewees is set out below. The first point to note is that each section in the university has a mirror section in the Municipal or Provincial Education Commission which also has a mirror section in the National Ministry of Education. As can be seen from the above extract all senior positions are formally approved by the government. All managerial positions involve approval by various official agencies.

All positions are considered to have ranks in the hierarchy of government officials. Thus a Professor might have similar status to a Head of a Government Department. This determines remuneration such as fringe benefits like medical services, accommodation, pension, aged care.

(Extract from Field Notes June 19, 2003)

The role of the President will depend to some extent on the nature of the university. Of the six universities in the study, five received government funding from both national and local levels of government, one was research oriented, two were discipline focussed, and two were comprehensive. The sixth university was a private university which received very little government funding and relied on wealthy individuals from Hong Kong to cover operating expenses. The code names given to the universities are Magnolia Flower University, Gingko Tree University, Lotus Flower University, Serene Orchid University, Peony Flower University and Tiger Lily University. These universities are located in three of the major cities of China.

For government funded universities the role of the President is to manage the affairs of the university in conjunction with the Party Secretary and the Party Committee. The Party Committee might also be known as the Council or the Board. In the event of a disagreement the views of the Party Secretary and the Party Committee would be expected to prevail. For privately funded universities the key role of the President is to find sources of money.

Vice Presidents usually have responsibility for functional areas such as assets and infrastructure, international affairs and research. Sometimes they also have responsibility for specific projects such as a new campus or a special event such as a 50-year anniversary. Failure in these special projects can have serious consequences for peoples' careers.

Deans play a similar role to Deans in universities in other countries, being responsible for teaching and learning and research activities in their discipline area. Performance management to meet the goals and objectives in the University plans is an important task. These people occupy the middle ground between the senior managers who are ultimately answerable to government and party authorities and the program managers who must interface with client groups – potential students, parents, students and employers, on a daily basis.

Directors and Associate Deans have primary responsibility for delivering academic programs to students. They also are responsible for meeting targets such as enrolment quotas of government subsidised and fee paying students. They are at the cutting edge of the “marketised” aspects of the Chinese university system. They have responsibility for the recruitment of students and the teaching work force and manage the interaction of these groups to produce graduates who are employable or who are to become postgraduate research students.

An example of the reporting and approval hierarchy for one Program Manager is as follows:

*Dean, Vice President, President, Board of Directors, Education Commission,
Pricing Bureau for fees, State Council for degrees and above*
(Extract from Field Notes 10 June, 2004).

4.7.4 Communication Across Languages

Communication across languages was a major issue for reliability. Much effort was made to clearly communicate in Chinese to all those involved with the study. Two letters were addressed to the President; a Chinese version and an English version. In the English version the drafts were modified with the help of intermediaries to clarify the terms used to suit the Chinese context. For example "factors in the environment" became "external factors". "Organisation factors" became "internal factors". "Program the organisation" became "establish the arrangements in the organisation to carry out the strategic plan". A copy of the letters which were addressed to the President was also provided to the head of the Foreign Affairs Office in each university. A sample letter is included as Appendix Two. Several intermediaries played an important role in developing documentation that conveyed the intended meanings and was acceptable to the individual participants in their institutional contexts.

During preliminary discussions with intermediaries, focus groups and individuals it also became clear that the English word "strategy" was raising difficulties in that it was not translatable into a term that was commonly used in public administration or university affairs (Qin 2002). Also the concept of implementation of a plan involving several linear steps or processes did not seem to be translatable in the sense that there did not appear to be Chinese words to describe the concept. This could be the result of differing conceptions of strategy. Western textbook theory usually describes strategy as a linear process involving steps such as vision, plan, implement, monitor, review, whereas Chinese tend to think in non-linear holistic way similar to overlapping circles (Gloet 2004).

Advice was sought from a range of people about how to address the problem of communicating the meaning of English terms into Chinese. In the event a diagram was constructed for use as a cue card to be used at the beginning of each semi-structured interview, which aimed to show the concepts to be discussed both in visual and written form. The English and Chinese version of this diagram is presented in Appendix Three. Examples of these fundamental communication issues included the terms "strategy" and "strategy formation". Xu (2002) advised that "strategy" in Chinese referred to military strategy and was only just beginning to be

used in business affairs. Huang (2002) believed that in business it was being used mainly in the area of marketing. An attempt at discussing the Mintzberg and Waters (1985) strategic formation paradigms with a focus group was unsuccessful, partly as a result of the difficulties involved in translating the English terms into Chinese equivalents. Also, because strategy in China is essentially a top down exercise the idea that there could be a range of strategic approaches seemed to be outside the experience of the members of the Focus Group.

It could be that the hierarchical nature of Chinese society and the clear understanding of individuals as to where they fit in the hierarchy and their role, means that if strategy is decided at the top then it is responsibility of each individual to carry out their role. Thus for individuals, their contribution to strategy formation is to perform the allotted tasks without considering how they are contributing to the development and overall implementation of the strategy.

It became clear to the researcher that while there were Chinese equivalent terms for short, medium and long term planning, there did not seem to be words to describe implementing the plan such as the English terms - strategy implementation or strategy formation. Thus while the goal and the outcomes of the plan could be described, the pathway to the goal or the steps involved in implementing the plan often could not be described.

In some ways this tallies with experience with the Chinese counterparts at Golden Dragon University (GDU).

At GDU they seem clear about their goals but often seem frustratingly unable or unwilling to take the steps or follow the process to achieve the goals and seem to leave it up to us to guess what is required – e.g. usually the Yellow Mountain University (our) staff have to take control of the preparation for the Graduation ceremony on the day or night prior to the ceremony. The Chinese seem happy enough to muddle through and hope that everything will be alright. This may mean that I need to carefully explain the concepts around the information that I am seeking. If there is no word for strategy formation are there other words that can describe the components of the process? Or if there are no words I will have to describe a picture of what the word means from an English

perspective and hope that the Chinese can grasp the meaning and say whether they do or do not have an equivalent process.

(Extract from Field Notes 3 August 2002)

The difficulties around the use of the word “strategy” are an illustration of how words have different meanings and are loaded with different values across languages. It could be argued that the researcher was educating the Chinese participants about the western approach to strategy just as the Chinese were educating the researcher about the Chinese approach to strategy. The use of the diagram seemed to aid communication in ensuring that both parties felt that they were at least discussing a similar concept and the interviewees were able to provide answers to the questions.

4.7.5 Access

Jorgensen (1989), in describing the settings in which participant observation takes place, draws a distinction between settings that are visible, where information is available to the general public, and invisible settings, where knowledge may be a secret protected by insiders and hidden from the view of outsiders. These settings may be open where access requires little negotiation, or closed to approaches to conduct overt research. While most universities in China are public institutions and some aspects of their operations are highly visible they are not open to public inspection. Documents such as Five Year Plans are certainly not available in the public domain (Wang C. 2000).

According to Jorgensen (1989) the participant observer role can range from complete outsider to complete insider. A foreign researcher seeking access to the invisible and closed inner world of Chinese universities would not have much chance of success unless they had the advantage of an introduction and the prospect of at least partially becoming a member of a *guanxi* network, if only a fringe or “honorary” member. Jorgensen (1989 p.56) expresses the view that accurate (i.e. objective and truthful) findings are more likely as the researcher becomes “involved directly, personally existentially” with people in daily life. He believes that participation reduces the possibility of inaccurate observations because the researcher gains direct access to what people think, do and feel from multiple perspectives.

In the case of this researcher the multiple roles of negotiator, relationship manager and researcher provided the opportunity to observe and develop relationships as well as being able to observe other relationships, patterns of behaviour, processes and events that could contribute to the research findings. These multiple roles also provided the opportunity to triangulate the responses derived from the interviews from several view points.

Most likely none of these people would speak to me if I did not actually or potentially represent an opportunity or I did not know them. Without I₁ (an intermediary) I would not get access to many of the people.

(Extract from Field Notes 28 November 2002)

The role of this particular researcher is also about hierarchy and power. The social status of the researcher meant that there was a rough equality between the researcher and the interviewees, whereas often in cross cultural research, the researcher is in some form of superior or inferior relationship based on aspects such as position, gender, race or ethnicity. The provision of access and the building of a relationship of trust presumably included the expectation of reciprocity.

On this point I was reflecting that one key difference between interviewees is where they live overlaid with their experience of dealing with foreigners e.g. East Lake City (a minor provincial city) is very different to Sunrise City (a major city) and their expectations about reciprocity might be different to those of Sunrise City.

(Extract from Field Notes 6 March 2003)

Access to senior Chinese managers is gained at times suitable to them and arrangements are often not confirmed until the last minute. This means the researcher has to be flexible and sometimes a little brave.

I had to race to this interview by train and taxi to the outskirts of Sunrise City where the farmland was being converted to parks, industrial and housing estates..... I raced there down a four lane highway at high speed in a taxi that felt it would fall apart everytime it hit a bump or swerved

from lane to lane or screeched to a halt behind a bus at a red light.

(Extract from Field Notes 28 November 2002)

In order to gain the status of “honorary insider” it was necessary for the researcher to participate in important social rituals including non-task sounding, participation in meals such as formal and informal banquets and tours of institutions and cities. These activities contributed to the development of the researcher’s understanding of institutional and personal contexts and social relationships.

4.7.6 Subject Bias

The researcher expected that the hierarchical and networked nature of Chinese society would mean that there was the possibility of collusion between the participants to ensure that each interviewee told a similar story. It seemed that the sequence of interviews at each institution would probably start with the most senior person then work down through the hierarchy however there was no way of predicting if this would occur in practice. The researcher had to remain conscious of the risk that access to the inner workings of the university would be obtained at the cost of rigour in the study.

In practice the conduct of all interviews followed a similar pattern. The senior person (President or Vice President) was usually the first interviewee at the institution. He (all the senior staff interviewed were males) was accompanied by a translator from the University Foreign Affairs Office and possibly the second person to be interviewed. Usually the interview took place in a formal meeting room. One interview with the senior managers was conducted in English. One was primarily in English with some translation and four were translated in full.

Interviews with the second and third ranked interviewees were much less formal. A reading of the records of the interviews suggests that the senior person usually provided the “official line” but that the lesser ranked interviewees expressed views and opinions that were not necessarily aligned to the official line. Sometimes these views may have reflected intergenerational differences, while at other times they may have reflected fundamental disagreements about strategic visions of the future of the university and the role of stakeholders in influencing strategy formation.

No interviewee agreed to the use of a tape recorder and only one agreed to identification of themselves and their institution. This is understandable given the context for staff of Chinese Universities.

4.7.7 The Role of the CPC

Shi (2002) places the role of the Party and the University Party Committee under the heading of "ideas". The Party, the government, society and universities are likely to have different ideas and priorities about what is important and what is required from universities and about the future role and nature of the organisation. Throughout its history the CPC has used education as a mechanism for political and social orientation to promote moral, social and political values. At the same time it has promoted education as the means to solve the problem of a shortage of market-based skills which are needed for economic development (Turner and Acker 2002). Within universities there is disagreement about the priorities to be pursued which can be broadly dichotomised as ideology or modernization.

In practice, the researcher found that the code question "should Chinese Universities teach values" elicited a range of responses from the three levels of management around the various roles of the CPC. These responses may have reflected in part the genuine views of individuals or they may have reflected the belief that expressing of personal views which are "unconventional" may have unfortunate personal consequences at some point in the future. Some responses included displays of body language which suggested that the individual was experiencing significant emotional feelings while making their verbal response.

The following reflection records the first time the researcher encountered a subtle form of self-censorship when in dialogue with an intermediary.

Most of the writers under review [Chinese scholars in Higher Education] use the term "ideas" or "values" when writing about the need for reform of universities in China. This is code for the role of the Party and the Party Committee.

When I questioned her about this aspect of one article I could see a flicker in her eyes as if something deep in her brain was switching off or a

door was closing. She moved past this section of the article and in the next article simply ignored that point.

(Extract from Field Notes 22 August 2002)

4.7.8 Protecting the Identity of the Participants

Even though all interviewees, with two exceptions, were members of the Communist Party of China, the role of the CPC was a taboo subject for overt discussion for most interviewees. Wang, C. (2000) points out that even though there has been a decentralisation of administration, management and finance as a result of education reforms in the 1990s, the higher education sector is still under strict government control and scrutiny for political and ideological considerations. According to Julius (1997 p. 50) the tensions between the CPC and universities "are ever-present but rarely discussed".

Hayhoe and Pan (2005) reporting on interviews with senior leaders of leading Chinese universities noted that Chinese intellectuals continue to be hampered by limits on intellectual freedom that constrain initiatives in the area of thought and culture and that there are many areas of research that are forbidden, such as AIDS, SARS, the Tiananmen Incident and the Cultural Revolution.

There was not only a need to protect individual identity but also the identity of the institutions involved. Various methods were considered. For example the actual levels of management could be concealed beneath generalised categories of senior, middle and line managers. The actual number of universities and the nature of the universities could be concealed by using false names or by converting them into fictional case studies. Other methods considered included the creation of some all-purpose case studies combining the attributes of all institutions or using a thematic approach derived from consistencies in responses reflecting common views at different management levels or reflecting inter-generational differences.

The universities in the study were located in three of the major cities in China. They included one "985 Project" university, one "211 Project" university, a private university, and one comprehensive university and two specialist universities which relied on their local authorities for funding.

The researcher decided to use names connected with flowers as the theme for the fictional names of the universities and to use codes for Senior Manager (SM), Middle Manager (MM) and Program Manager (PM) connected to the university pseudonym. Thus the President of Lotus Lily University would be described as "Senior Manager (Lotus Lily University)". The approach finally chosen was derived from the categories that emerged from the data which indicated that there were differences which derived from the nature of the university and the age category of the respondent. The analysis is presented by themes with the views of each level of management contrasted under each topic heading. Details of responses from each university are presented in Appendix Three.

4.7.9 Observer Error

In practice access to Chinese language literature was gained through the assistance of Chinese scholars who provided translations and interpretations of scholarly articles.

It was very kind of I₂ to help out with translating the articles as I was able to engage in dialogue with I₂ while she was translating. I felt this added richness to the experience.

(Extract from Field Notes 22 August 2002)

There were three different communication formats taken by the interviews:

- In English;
- In English with some translation of difficult concepts; and
- Translated from Chinese to English.

Table 4.1 shows the number of interviews in each format.

Table 4.1

Communication Formats

	English	English/Translation	Translation
Senior Manager	1	2	3
Middle Manager	4		2
Program Manager	4		2

In the interview settings most senior managers used a translator, usually from the Foreign Affairs Office of the University. The quality of these translators was variable so whenever possible the researcher was accompanied by an intermediary who assisted with translation. This assistance could take the form of clarifying the translation of the researcher's question or the interviewee's answers, sometimes carrying out the entire translation. These intermediaries were also valuable in providing background information on the institution and the individuals concerned to provide a context for the records of the interviews. The nature of Chinese society means that understanding the context of each individual is particularly important.

Settings for the interviews were variable as were the number of people present. Usually for senior people the settings were formal meeting rooms and there was a retinue of one to three other members of the university staff.

Occasionally after the formal interview was conducted the senior person would speak "off the record" while still in the presence of his staff.

... also not possible to have identical settings e.g. need a translator sometimes not others. Senior manager wanted his staff members to hear him speak. He also wanted the Vice President there but he could not come.

Did he want to use the interview with me as a communication channel to his staff? Did he want to make sure that they all told the same story?

(Extract from Field Notes 28 November 2002)

No interviewee agreed to the use of a tape recorder. Thus the only tangible record of the interviews is held in the notes created by the researcher. There are some obvious questions about the record of notes based on translation. Who employed the translators? Is there any way of knowing how accurate the translation was? Did the translator have a brief to convey certain messages and to not convey others?

... University people have more opportunities than most to talk to foreigners thus there is a need to monitor what information is exchanged. Thus universities perform a useful function of being a gateway to outside, but what passes through the gateway must be monitored.

(Extract from Field Notes 19 June 2003)

On most occasions the researcher was accompanied by an intermediary who provided assistance with translations. Sometimes even though the interviewee spoke English they preferred to be translated. The researcher frequently had the sense that while the English terms used were familiar to him, the meanings and implications in the Chinese context of these words were different and more complex (Mohrman 2003b).

The information collected was assessed on an informal basis through discussion with Chinese and Australian contacts and critical friends, including Australian Education Consuls in major cities. This method of informal collection of triangulating information was used to verify the data (Jorgensen 1989).

4.8 Qualitative Data Analysis

The interviews were recorded in notebooks maintained by the researcher along with comments about the context of the interviews. These records of interviews are a mixture of note taking derived from events which sometimes involved exchanges conducted in English and sometimes from translations. They reflect the researcher's understandings of the answers that had been filtered through the English language capabilities of the interviewees or through the translators' mental processes. It is impossible to conduct valid content analysis on such a mixture of communication. This lack of reliability in the data meant that computer based statistical analysis would be an inappropriate research tool in this case. Personal reflections and ideas and emerging themes were recorded in accompanying notebooks.

The records of the interviews were word processed into 100 pages of text. The text was analysed by the researcher using colour coding to identify key words and terms which were grouped into emerging themes and categories. In this way the researcher could be said to be making the categories by highlighting the patterns in the responses (Morse and Richards 2002). These key words and terms were counted to determine patterns of "times mentioned". The number of times a particular category or theme was mentioned was recorded. The word counts were used for both exploratory and confirmatory purposes to discover patterns and

themes of ideas (Miles and Huberman 1994; Ryan and Bernard 2000). An example follows:

If parents are not satisfied they are able to complain to the Department at Serene Orchid University or to the Office of the President. They also could send a letter to the Municipal Education Commission which could lead to pressure on Serene Orchid University. Thus Serene Orchid University staff have regular meetings with the parents and there are young supervisors assigned to look after the students and maintain contact with the families.

Middle Manager

Serene Orchid University

In the quotation words and terms identifying stakeholders include "parents", "Department", "Office of the President", "Municipal Education Commission", "staff", "student", "families". In the process of identifying stakeholders the Department and Office of the President were assumed to be part of the university management whereas parents and students were regarded as external stakeholders. Staff were identified along with teachers as key internal stakeholders. The Municipal Education Commission was considered to be part of the local government as it is the agency by which most universities are funded and regulated.

The word counts were recorded by category and by university in the data displayed in Appendix Three using the broad themes identified by the researcher as emerging from the first two interviews. Analysis of these responses and quotations from the records of the interviews created by the researcher are provided in Chapters Five to Nine. This analysis represents an attempt to develop conclusions by relating the empirical data to the general categories (Miles and Huberman 1994). For all categories saturation occurred towards the end of the interview process when it became possible for the researcher to predict most of the responses of the interviewees. The analysis provides a comparison of the views of the different levels of management about the topics raised during the semi-structured interviews. This enabled the detection of similar ideas and areas of contrast in the views of different levels of management. Quotations are used as evidence and as interesting points made by people in their own language, space and time.

As the data analysis proceeded the researcher reflected on the findings and contrasted these with his expectations.

I was surprised at how strongly values rated as I had only included it as a question really as an after thought partly based on my experience with I₂. I had assumed that the marketisation orientation of universities had gone much further – perhaps it has in the minds of the younger generation. This calls to mind the comment that "no-one mentions marketization nowadays" last December.

(Extract from Field Notes 28 August 2004)

4.9 Conclusions

The challenges of conducting qualitative research in China arise out of the need to gain an understanding of the meanings attached by humans to events, and of their interpretation of the contexts within which they exist. In order to gain access to these understandings the researcher has first to understand and seek to utilize the essential features of Chinese social life such as hierarchy, reciprocity, face and social standing, and personal connections. The researcher must also gain an appreciation of the political and social contexts within which individuals and institutions exist. This requires the researcher to gain some understanding of Chinese history in order to appreciate the role of the government and the role of the CPC in determining the priorities and parameters for individuals and institutions, and the protocols for gaining access to individuals in their official capacities.

It must also be recognised that the basic assumptions of western qualitative research may not be able to be fulfilled when dealing with people in senior positions in China. For example it may not be possible to interview them alone. Also the use of a tape recorder may be out of the question and assurances of confidentiality probably will not have the same meaning as in the west, given that for senior people in China nothing is confidential, and junior people must take great care in expressing opinions that may be regarded as being unconventional.

The researcher must also recognise the critical role of the intermediary in gaining access to institutions, individuals and primary and possibly secondary data sources. A foreigner seeking access directly without intermediation would be unlikely to gain access to senior managers in state controlled institutions.

The language issue has at least two sides. On the one hand knowledge of Mandarin would be useful for gaining access to the written record and to conversations. On the other hand mistrust and suspicion of strangers, especially foreigners, tends to be a default position in Chinese society. Some contacts have suggested that knowing the foreigner cannot understand Mandarin has made the interviewees more relaxed. The researcher has also noted situations where a suspicion that the foreigner can understand Mandarin has produced a change from Mandarin to the local dialect in order to carry on private conversations or changing from local dialect to Mandarin presumably to convey the contents of the conversation to the researcher when assisted by an intermediary.

The researcher has had several experiences which could be interpreted thus... "This poor barbarian admits he does not understand Chinese society and culture, so we will have to explain in detail how our institution operates and the roles and responsibilities inside the organisation. We can be fairly frank in our descriptions because we know the likelihood of him discussing our conversation with other Chinese University staff and others outside the university is low."

Qualitative research in China must be conducted within a compressed time frame because the rapid pace of development in institutions can mean quick turnovers in people's positions. One interviewee had occupied three senior positions at different institutions within 4 years.

The researcher must also recognise that in order to become an "honorary insider" at a Chinese institution the development of trust requires participation in a variety of social rituals most notably the taking of meals in company – this may include breakfast, lunch and dinner. Turning down an invitation to a meal can prove to be a mistake as it may cause a loss of face to the would-be host. Although complete confidentiality cannot be guaranteed, given the circumstances of the interviews

described above, a formal offer of confidentiality and informal reinforcement at interview is an absolute requirement to successful conduct of data gathering.

The researcher must be conscious of the differences between the meanings and connotation of English words when translated into Chinese and vice versa. Thus techniques must be used to try to ensure that both sides of the conversation are as well informed as possible, of the concepts and meanings under discussion. This can sometimes require extended question and answer exchanges as well as discussion with intermediaries post-interview. Qualitative research conducted by a foreigner can be as much an educational experience for the Chinese interviewee as it is a data collection exercise for the researcher.

The hierarchical nature of Chinese society means that the researcher must be aware of the possibility of collusion among participants to deliver “the party line”. Also the role of the CPC seemed to be a taboo subject for direct discussion, thus the researcher had to determine whether to leave this area out of the study completely, or decide on a method of broaching the topic in an oblique fashion in order to avoid embarrassment while gathering data. The dual management structure in universities involving the CPC “shadow organization” had to be understood by the researcher in order to fully appreciate the responses of the interviewees.

The researcher also must be aware of the likelihood that the motivations of the Chinese interviewees are not the same as these of the researcher. This researcher has experienced circumstances where the interviewee was seeking to send messages to his staff via the interview, where interviewees were seeking to impress their superiors indirectly, where people simply wanted to tell the story of their life and highlight the lessons that could be drawn from it, as well as situations where people wanted to improve the ignorant barbarian’s understanding of China to avoid potential embarrassments for him. It is hoped that other researchers with similar goals will find the experiences of this researcher useful in assisting them to develop more rigorous studies.

The records of interviews consisted of notes taken from a mixture of exchanges conducted in English and translated from Chinese. They represent the researcher’s understandings of what was said. They do not necessarily represent the meanings

that were intended to be conveyed. Such records are not suitable for computer based content analysis because they are not an accurate record of what was said. A thematic approach was chosen comparing the views of each level of management across the categories that were derived from the data.

Chapter Five

The Purposes and Roles of Universities in China

5.1 The Research Population

Eighteen people were interviewed for the purposes of this project. Interviews were conducted between December 2002 and December 2003. Ages are described as at 2003. The age range was from 36 to 62 years old. The compulsory retirement age for university staff in China is 60. It is unusual for people to continue in their posts beyond this age. Information was collected on the age, qualifications, English language studies, studies undertaken abroad and overseas experience of the participants. One of the interviewees was a native of the United States of America. All others were Chinese nationals. Table 5.1 summarises this information.

Table 5.1

Characteristics of Managers

	Average Age	Highest Qualification				Formal English Studies	Overseas Qualification	Overseas Experience
		Unqualified	Bachelor	Masters	PhD			
Senior Manager	55	1		1	4	4	3	6
Middle Manager	50		1	3	2	4	3	5
Program Manager	46		1	4	1	4	1	5

5.1.1 The Senior Managers

Six senior managers were interviewed. The age range for this group was between 48 and 62 with the average age being 55. One was unqualified in not having a formal qualification but had studied at two overseas universities. One had a Masters degree from an overseas university. The remaining 4 all had PhD qualifications, one awarded by an overseas university. All had studied at overseas universities, one being a visiting professor and all had significant overseas experience. Four had undertaken formal studies of English. Three had foreign qualifications from universities in non-English speaking countries.

For this group three interviews were conducted with translation from Chinese to English, two were conducted mainly in English with some translation and one was conducted entirely in English. See Chapter Four for a discussion of the conduct of the interviews.

5.1.2 The Middle Managers

Six middle managers were interviewed. The age range for this group was from 35 to 60 with the average age being 50. Two of the interviewees had PhDs; three had Masters Degrees and one a Bachelors Degree. Two of the Masters Degrees and one PhD had been achieved at foreign English speaking universities. Five of the six interviewees had had significant experience overseas, one being a visiting professor. Four of the six had undertaken formal studies of English.

The interviews for this group were less formal than the interviews conducted with the senior managers. Sometimes the interviewee was alone. For this group of interviewees four interviews were conducted in English and two were translated from Chinese into English.

5.1.3 The Program Managers

Six program managers were interviewed. The age range for this group was from 36 to 61 with an average age of 46. Of these interviews four were conducted in English and two involved translation from Chinese. Three of the interviewees were alone.

Four of the interviewees had Masters Degrees, one had a PhD and one had a Bachelors Degree. One of the interviewees was a native of the United States of America who provided a unique perspective on issues such as values and the influence of stakeholders on strategy formation. One of the Masters Degrees had been obtained at a foreign university. Five of the six interviewees had some international experience. Four of the six had undertaken formal English language studies. For this group four interviews were conducted in English and two required translation from Chinese.

These managers are at the centre of the tensions and complexities surrounding the role of education in shaping the nature of China in the 21st Century. The role of universities as bridges to the outside world, as sources of innovative thinking and of a skilled workforce; and the desire by the Communist Party of China to exert central control over the conduct of universities in their role of generating the future leaders

of society are major sources of tension (Turner and Ackers 2002). The themes emerging from the interviews reflected these tensions.

The personal experiences which have shaped the thinking of these managers are also important. In many ways the gaps between the experiences of different generations in China are wider than between generations in most other countries. Ralston, Egri, Stewart, Terpstra and Kaicheng (1999) describe the general life experiences of people in different age groups in terms of the political eras of China. In the "Republican era" (1911 to 1948) Confucianism flourished and a western presence was prominent in commerce especially in places like Shanghai. For people born between 1949 and 1965 in the period of "Communist consolidation", who became teenagers in the 1960s and 1970s, the experience in their formative years involved the determined attempt to replace Confucianism with communism and to denigrate anything western. Those under 40, born in the period since 1960, who became teenagers in the 1970s and 1980s have experienced the "Social Reform era" where there has been some acceptance of Confucianism and increasingly of commerce with the west.

Younger people born after the Cultural Revolution have not experienced the dark side of human nature and have only lived through the Open Door policy. Children born in the One Child era only believe in money and material possessions – they lack spiritual beliefs. For older people the CPC provided a belief system.

(Extract from Field Notes 7 November 2002)

Ralston et al (1999) found that Chinese managers under 40 years of age, when compared to other Chinese managers, displayed increasingly individualist tendencies and were more likely to take risks in pursuit of profits even when these actions were in conflict with traditional ways. They were more likely to flock to where the best opportunities were available. However when compared to western managers in Ralston et al's (1999) study they still maintained a high level of commitment to Confucian values and collectivist tendencies. In terms of eras, four of the senior managers were born in the 1940s and two were born in the 1950s, thus they became teenagers in the era of Communist consolidation. All but one of the middle managers and all but two of the program managers were also born in this period.

Their views on the role of universities can be presumed to reflect the ethos of this era and the messages emerging from the new leadership of the CPC on the need to promote more socially responsible approaches. This is particularly evident in their comments on the desirability of teaching values to the current generation of university students.

Table 5.2

Formative Years

	Communist Consolidation	Social Reform
Senior Manager	6	
Middle Manager	5	1
Program Manager	4	2

As will be discussed, one of the key tasks of the interviewees was to manage an increasingly youthful work force less than 40 years of age whose values have been shaped by the experience of the “social reform” era. They have to find a balance between the key stakeholders such as the various levels of government, the work force and the students and their families as they pursue the particular pathway of strategy formation for their institution. In performance management of their work forces they have to deal with the tensions between modernising and traditional forces where the role of individual responsibility and initiative is important but has to be legitimised by appeals to the collective interest (Bailey, Chen, Chao, Dou 1997). Not only must they manage the performance of their institution but as Chen L. (2000) notes, Chinese managers must also pay also special attention to macro level conditions such as the political climate and traditional cultural values, which may affect their organisational operations in unexpected ways. They need accurate and timely information on current policy developments.

“The ultimate authority of the government makes it mandatory for organisations to keep pace with the government’s policy changes which are regular and frequent” (Chen L. 2000 p.155).

5.1.4 International Experience

As noted above, all but two interviewees had some international experience. This experience ranged from brief visits overseas to extended study periods over several

years. Two had been visiting professors at universities in English speaking countries. Three had postgraduate qualifications from non-English speaking countries and six had foreign postgraduate qualifications. Thus the interviewees may not be typical Chinese academics. It can be argued that the older interviewees bring a unique perspective to the questions in the interviews about the influence of stakeholders on strategy formation in their universities, given their international experience which is uncommon among their generation. It can be assumed that they have enjoyed strong support from, and have displayed great loyalty to, the CPC. These themes emerged during the “non task sounding” phase of developing relationships but cannot be reported because of the imperative to conceal the identities of the participants.

5.1.5 Political Experience

Most of the interviewees can be presumed to be members of the CPC. Many had experienced the Cultural Revolution, when universities were closed, national entrance exams were abolished for a period and when being an academic could be very dangerous to possessions, family and even life. Many had the experience of being sent to the countryside to participate in and gain an understanding of the life of peasants. All had witnessed the repercussions of the events of the Tiananmen Square on universities.

I support the Government’s policy as expressed at the 16th Congress. Over 50 years ago Mao pointed out the road. Unfortunately the severe confrontation with the US forced him to lean towards the Soviet Union - to take the leftist line. In 1971 after the visit by Kissinger, Mao reconsidered the policy but he was too old to restore the old policy. Deng restored the policy – to build China into a prosperous and united country – to raise living standards and have harmonious relations with other countries including the United States. Jiang has carried Deng’s policy forward.

There has been a smooth transition to Hu. China is now a much better place to live. People will have a much better life but there needs to be more attention to ethics and morality. In the 1950s we were much poorer but we did not lock the doors at night. Now the crime rate is rising so it is very important that education includes ethics.

Now every home has a bathroom, TV, some people own houses. There is a DVD, CD in every household. Mobile phones are everywhere. In Beijing there are one million cars. I was born too early. I had to go and work in the fields. My studies were interrupted. I envy them very much. I don't think the younger generation understand. I graduated from University in 1965. The last group before the Cultural Revolution.

Senior Manager

Lotus Flower University

During the twelve month period over which the interviews were being conducted the Chinese government moved to halt debate on what were described as the "not allowed" – political reform, constitutional amendments and the possibility of reassessing historical events such as the 1989 "Tiananmen Incident" (Chen, K. 2003). In 2004 President Hu Jintao stated that he would not allow a reassessment of the official line that the Tiananmen movement was "counter revolutionary" (McDonald 2005). This line was repeated by the Foreign Ministry on the sixteenth anniversary of the movement (Reuters 2005). In 2003 a document was issued by the General Office under the State Committee to party and government organisations, research institutes and universities warning that external "hostile forces" had infiltrated domestic debate and alleging that those promoting the reforms were actually attacking the Communist Party's leadership and China's political system. It also urged increased vigilance in China's co-operation with foreign experts and organisations (Chen, K. 2003).

The final retirement of former President Jiang Zemin in 2004 meant that the new regime under President Hu Jintao was free to move to install its preferred collection of leaders into universities:

Many of the Chinese universities will have their new leaders in the coming months. The Chinese government might adjust strategies on education. Hu Jintao, the Chinese President, and Wen Jiabao, the Premier, don't like the idea of university towns, which was initiated by Jiang Zemin's people. Both Hu and Wen put more emphasis on social and rural development. They try to

protect farmers' interests. For instance, university towns (and golf courses) are not encouraged now (I₁ 2004).

This emphasis on the need to spread wealth to rural areas was confirmed in a speech by Premier Wen Jiabao to the 2005 National Peoples' Congress (Ryan 2005a). Also during the period of the interviews, new Chinese laws relating to foreign involvement in the Chinese higher education system were published. These heralded an attempt to more closely align the contribution of foreign education providers to the goals of the Chinese Government in education and to reduce the freedom of scope of operations by introducing a new range of requirements including organisational structures, financial controls and quality requirements.

The interviewees would be responsible for ensuring that their universities reacted to these shifting political winds. The following extract provides a sense of the pressures on the university managers.

Apparently the senior manager from Gingko Tree University was also quite nervous although he is nearly 60. I₁ suggested bringing a person from the Foreign Affairs Office of the University. In this way what he said is known to the authorities and any indiscretions are buried. I₁ said that high university officials are careful to ensure that their conversations with foreigners are known about by the Foreign Affairs Office. Usually there is at least one person from the "Chinese KGB" in these offices.

(Extract from Field Notes 13 June 2003)

5.1.6 Language

In this thesis the actual English terms used by the interviewees will be used. Chinese English has certain regularities which were common to most interviewees. For example higher education academics are referred to either as "teachers" or "faculty". The event, that in the west is frequently described as the "Tiananmen Massacre", is referred to as the "Tiananmen Incident" or the "June 4 Incident". The takeover of Government by the Communist Party in 1949 is referred to as "Liberation". These terms will be repeated verbatim in the extracts from the records of the interviews included in this thesis.

5.2 Presentation of the Results

The results of the data analysis are described in Chapters Five to Nine using the categories and topics derived from the data. Each of the chapters is based on the key topics identified after the first two of the eighteen interviews conducted for this study. See Chapter Four for details. The topics were:

- What are the purposes and roles of universities in China?
- Who are the key stakeholders?
- How do they exert influence on universities?
- What is the process of strategy development and implementation?
- What are the objectives of collaboration with foreigners in joint ventures in education?
- What lessons have been learned from dealing with foreigners?

All interviewees were asked these questions and the results of the analysis of their answers, based on word counts, are presented in Chapters Five to Nine.

Each chapter has a similar structure in that the number of times a particular category was mentioned is presented both in numerical and chart form in order to illustrate, in both quantitative and visual form, the responses of the different levels of management. It is assumed that the number of times a category is mentioned provides an indication of the priority accorded to that topic or category by the particular level of management. Also a selection of quotations from the interviewees with some commentary is included to enable the reader to gain a sense of the actual words used, as recorded by the researcher. Each chapter contains a conclusion summarizing the results.

This Chapter Five reports on the views of the managers about the purposes and roles of universities in China and on whether universities should teach “values”. “Values” is a content laden word in China as it can mean political and ideological values. This topic generated more responses than any other question. Chapter Six identifies the key stakeholders as perceived by the different levels of management and their interests and goals. Chapter Seven describes the means by which each of the

identified stakeholder groups are able to exert influence on the management of the universities.

Chapter Eight describes the approaches to strategy development used in the universities in the study, by reporting on the managers' views as to how plans are developed. Also the means by which strategies are implemented is reported on at institutional, departmental and individual level.

Chapter Nine describes the interviewees' views on the goals and objectives of foreign joint ventures in education and the lessons learned from dealing with foreigners.

The above approach to presenting the findings derives from the data analysis and is designed to utilize a structure for each chapter which incorporates a numerical and visual summary, extensive use of quotations to bring the interviewees to life for the reader and to elaborate on the meaning of the categories identified. Some commentary is included which links the quotations to the basic elements underlying the studying including stakeholder theory, the context for university managers at the time of the study and to the political, cultural and social aspects of life in Chinese universities.

5.3 Introduction and Context

The following chapter presents an analysis of the interviewees' views about the purposes and roles of universities in China.

The years over which the interviews were conducted, 2002-2003, were the second and third years of the tenth Five Year Plan since liberation. The context for universities was the entry of China into the World Trade Organisation and the pressure on universities to expand their enrolments with the goal of 15% of High School graduates being able to obtain a university place by 2010 (Ministry of Education 2002). In addition there were changes in the political winds referred to in the previous Chapter which meant that references to "marketisation" which were common in 2002 disappeared from discussions by the end of 2003.

5.4 The Purposes and Roles of Chinese Universities

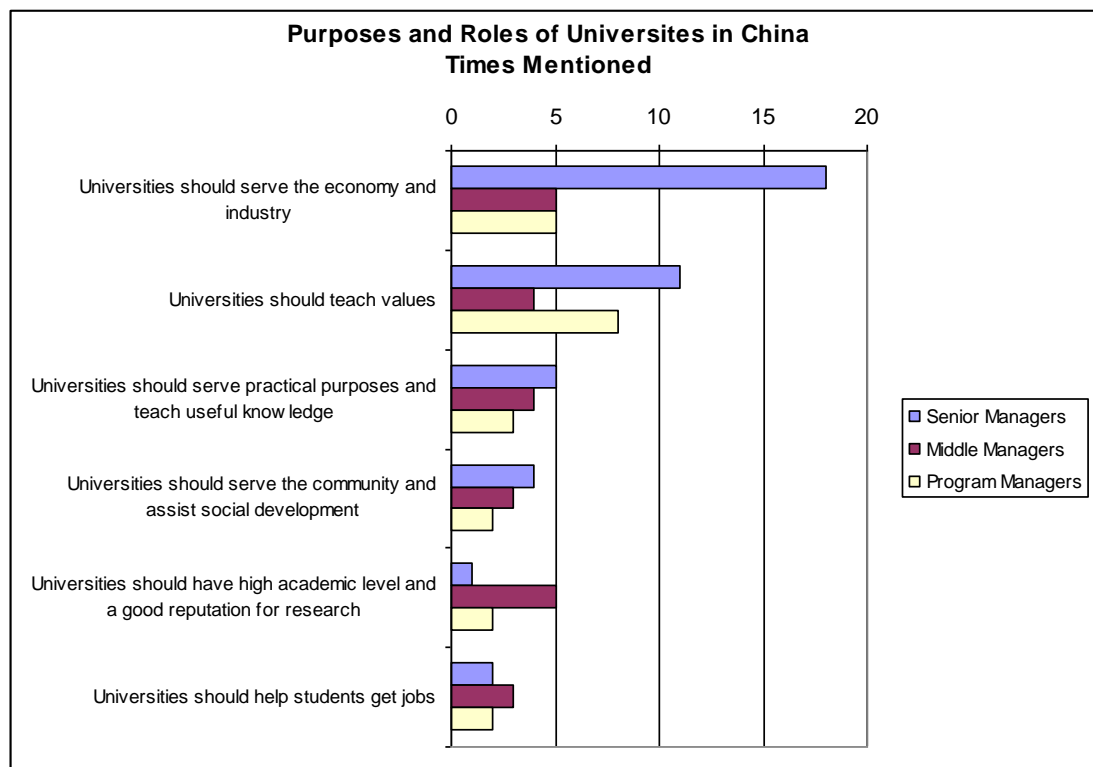
Each interviewee was asked to describe their view of the purposes and roles of Chinese universities. Table 6.1 summarises their answers by level of management, by frequency and category.

Table 5.3

Purposes and Roles of Universities in China
Times Mentioned

	Senior Managers	Middle Managers	Program Managers
Universities should serve the economy and industry	18	5	5
Universities should teach values	11	3	7
Universities should serve practical purposes and teach useful knowledge	5	4	3
Universities should serve the community and assist social development	4	3	2
Universities should have high academic level and a good reputation for research	1	5	2
Universities should help students get jobs	2	3	2

Figure 5.3



For further breakdowns, by university, see Tables A4.1, A4.2, A4.3, Appendix Four.

Table 6.1 and Figure 6.1 summarise the answers by level of management. It can be seen that senior managers placed great emphasis on the role of universities in serving the economy and industry. This contrasted with middle and program managers who mentioned this purpose with much less frequency. Indeed as will be seen later program managers mentioned the need to teach values more frequently than the need to serve the economy.

On the question of whether universities should teach values two middle managers and one program manager expressed the view that universities should not teach values at all.

5.4.1 Serving the Economy and Industry

Themes which emerged from the comments made by the interviewees included the requirement for universities to be seen to be pursuing strategies which support the achievement of national priorities established by the State. An underlying requirement which must be achieved in order for universities to be able to adopt this approach is to reorient and reorganise the internal allocation of resources within the organisation. It also means entering into the discussion over modernisation versus a socialist and nationalist orientation for education institutions, which is an ongoing topic of debate within the Communist Party of China and which is reflected in the debate over values which is mentioned in the next section (Zhang 2003).

The following quotation captures the approach of the modernisers to the need to reallocate resources within universities.

To be frank we used to have too many majors where there were no jobs at the end of the course. Students could study literature, history or politics but there would be no jobs. Universities served politics.

Before the reform and opening there were no business or economics majors and no School of Management in comprehensive universities – only Departments of Economics studying Marxist economics. Since reform and opening universities began to adjust to serve the economy. This adjustment is continuing and Schools of Business and Management are being established.

Senior Manager
Serene Orchid University

Senior managers gave clear priority to serving the needs of economic development much more so than the other management groups. It is not clear whether this priority arises because it is a government directive or because the respondents held a “modernising” view point.

The most mentioned means by which support for national priorities was expressed by universities was to serve the needs of the economy and industry by supporting the development of major industries, by creating a skilled work force and by helping students to find employment.

Major industries in Sunrise City include steel, autos, chemicals and information technology. Gingko Tree University aims to serve these industries.

Senior Manager
Gingko Tree University

Education should teach useful knowledge and help people to get a job, promote the welfare of the people and promote the comprehensive development of society.

Senior Manager
Peony Flower University

Gingko Tree University aims to develop graduates who can contribute to economic and social development. In the development of disciplines attention is paid to what the local government is aiming to do.

Middle Manager
Gingko Tree University

These quotations reflect the view that education should drive modernisation by identifying and preparing intellectual and skilled elites who are to serve as the agents of modernisation (Zhang 2003).

Middle managers and program managers expressed support for this approach less frequently than senior managers. They also noted the role of enterprises as stakeholders of increasing importance in influencing the content of university education.

Universities provide the talents – intelligent professionals to society – workers, scientists and managers.

The Magnolia Flower University President is very open and encourages ideas from society and from the Board. Deans and teachers talk to enterprises to help in the development of programs.

Middle Manager

Magnolia Flower University

There is a plan to reach out to enterprises in Moonflower City, both Chinese and joint ventures, so that students can study according to the needs of industry.

Middle Manager

Lotus Flower University

Whereas middle managers generally agreed with the senior managers' focus on serving the economy and the community by offering practical courses that helped students to find employment, they also emphasised the need for universities to have high academic levels and a good reputation for research. This priority was mentioned by five of the six interviewees. This is understandable given that these people, in their roles as Vice Presidents or Deans, were responsible for the performance of academic units such as Faculties or for cross university functions such as research or international issues and that five of the six middle managers had had international experience.

The primary focus of the program managers who were at the interface with students and parents was very much on producing graduates who could find jobs to benefit the economy, society and themselves. If they were successful there was an expectation that this would provide benefits to the university in the form of ongoing sustainability.

Serene Orchid cannot be the best comprehensive university but it can aspire to be one of the best universities for business because of its international links and the high qualities of its students so that they are able to get good jobs and have a bright future, thus attracting more students and parents.

Program Manager

Serene Orchid University

During the summer vacation students do a social survey or internship in companies to learn about practical work related to their majors. Some students are recommended by the university to the company, others find their own positions. The companies make written comments on the students' performance.

Program Manager

Lotus Flower University

5.4.2 Teaching Values

The question about teaching values also served as a coded question about the role of the Communist Party of China (CPC). Apart from the issue of performance management of teachers, the values question elicited more emotional responses than any other question. It included negative as well as positive responses. It also garnered more responses, positive and negative than any other question. This probably reflects differing ideological viewpoints, and differences of opinion about the role of universities and what is possible in the relationship between universities and students. It would also have reflected the issues confronting the managers on a daily basis arising from the task of managing a workforce and student group made up of people under 40, who have had a very different life experience and consequently have quite different value sets to those of the managers.

Themes which emerged in the answers to this question included the effects of Confucianism on the Chinese character and attitudes towards commercial activity, the role of the CPC in addressing the need for economic development and improved living standards, the differing perspectives within the CPC on the role of universities and the acceptability of the expression of a diversity of opinions, and the impacts of the one child policy on the attitudes of individuals towards their social obligations and service to the community.

For too long in China people were not allowed to seek money. My generation has experienced both the stages of stagnation and take off and understand how economic and social development will change the situation. There is a concern that future generations will have nothing to pursue not even money. This is not just an issue for universities but is also a social issue – values are shaped by society and education has a limited influence. Social values are generally determined by the stage of development of the society.

In China there are four basic categories in the social hierarchy:

- Academics
- Farmers
- Workers
- Merchants

Chinese have a fundamental misconception about money. The general idea is, if you are rich you are a crook. All merchants are cunning and unethical. In 1978 President Deng said allow some people to get rich first. Break the shackles that have restricted China for thousands of years. In some ways the old are jealous of the young for being able to pursue wealth. They would like to be immoral too.

Senior Manager

Serene Orchid University

This quote encapsulates the cultural context of the Chinese academic in that in traditional Chinese society, the scholar was at the top of the status hierarchy and the merchant near the bottom. Both groups were vilified during the Cultural Revolution. In 2002 scholars had to become merchants to support the academic enterprise (Mohrman 2003a).

Quite a different view about universities as a transmission mechanism for values was propounded by the senior manager of Peony Flower University, one more in line with the traditional western view of the role of universities.

Peony Flower University aims to promote innovation in education. To encourage the free flow of ideas between staff and students even if this

means dissenting from the opinions of the government. The government wants a standardised society.

Peony Flower University wants to encourage creative opinions about society and individuals' thought processes to cultivate students who are qualified and innovative and capable of creative thought.

Senior Manager

Peony Flower University

The senior manager of Peony Flower University was one of the youngest in this category of interviewees and had comparatively more significant offshore experience. His forthright views stand at the moderniser's end of the spectrum of views about the role of universities in delivering teaching and learning as well as a social experience for young people.

A contrasting and perhaps more predictable view came from the senior manager of Magnolia Flower University who was older and who had occupied a range of positions in government and education agencies as well as universities. This also was the only occasion on which the Tiananmen Square "incident" was mentioned explicitly. These views are more reflective of the view that education should be the incubator of a new socialist citizenry (Zhang 2003).

Since June 4, 1989, Tiananmen Square, universities have been more stable. There is more knowledge about the west now that information is more readily available – views are no longer so romantic. Also there is more knowledge about the disadvantaged parts of China. People are trained not only for future jobs but also to be contributors to society. This is important in a one child state. Thus teaching values is an important role – a responsibility for all universities – not so much ideology but a sense of responsibility for society – learning to care for other people. The Chinese tradition is to serve others. The one child policy has produced a lot of single children who are in danger of being heavily influenced by western values and the values of the market where only money is important.

Senior Manager

Magnolia Flower University

The senior managers of Lotus Flower, Gingko Tree and Tiger Lily Universities all shared similar views about the role of universities in teaching about citizenship and service to the community and society. The themes that emerged from their comments included concerns about the effects of the one child policy combined with economic development to create selfish children and the need for universities to teach students how to be good citizens.

There is an ethical need to meet the requirements of the State to produce patriotic, dedicated, honest and hard working citizens. The change in the role of universities is very great. For someone born 60 years ago China is like two different countries. New ideas affect everything not only universities but also hospitals – profit orientation. In some ways I don't like it very much but I have to acquiesce to reality

It is most important to educate people to be less money oriented and more dedicated, less selfish and more charitable. I am not a puritan but I cannot take to materialism.

Senior Manager

Lotus Flower University

This view clearly expresses the mind set that education should develop a self reliant socialist citizenry (Zhang 2003). The following quotation focuses more on the impact of the one child policy.

Values are important to the younger generation. We have a special subject to teach students how to be good citizens.

Many parents feel the problem of selfish children. If a child lives with his parents he cannot grow up. Living in the university helps the child grow up. At university they have to share and become more independent.

Senior Manager

Tiger Lily University

All the leaders of China are graduates from University 30 years ago. Whereas Deng used to say that production is the number one force in society, nowadays science and education is most important. The President's

philosophy is that students should learn to be good citizens, develop their skills and knowledge and love the nation.

Senior Manager

Gingko Tree University

For middle managers the question of whether universities should teach values was more controversial with some expressing strong views both for and against. Those who agreed that universities should teach values expressed similar concerns to those expressed by senior managers about the need to counter the impacts of the one child family policy.

Universities should teach values. Not just the four courses presented by the State – philosophy, ethics, political economy and the theories of Mao and Deng, but also especially for Chinese young people some basic behavioural skills about how to treat people, how to love people, community spirit and citizenship.

Middle Manager

Serene Orchid University

Universities are not just a place for education. Each person should have an education to be a “Chinese Citizen”.

Middle Manager

Tiger Lily University

All undergraduates are the products of one-child families. This means that the key values for them are to be hard working, independent and co-operative.

Middle Manager

Peony Flower University

Some strong views were expressed about whether universities should or could make a determined effort to teach about values, given the many influences that students experience other than the effects of study at university.

Universities do have a role in teaching values and ethics. This can be done by providing courses, activities provided to students such as volunteering and

to provide services which assist society. Although the one child policy has generated many selfish individuals there are some who are still willing to give to society.

Middle Manager

Ginkgo Tree

It is possible to teach values to students. Different people have different values but some values should be praised. For example money is important but it is not everything. Thus you should ask what attitude will you take to money. Universities should practice good things not bad things. Students who work hard and who are kind to others like poor students should be praised. From this students should know what is good and what is bad. For the training of students they are strongly influenced by teachers and the universities but they are also influenced by relatives, friends and parents and sometimes cannot distinguish between what is moral and what is immoral.

Middle Manager

Magnolia Flower

Quite the contrary view was expressed at Tiger Lily University, where the middle manager felt that universities should focus on developing professional skills rather than trying to teach values.

University should not teach values (maybe this could be done in psychology courses).

Universities should help to raise the level of professional skills not develop personal qualities. This should be done within the family and social environment. Values teachings are not much use to students. They want survival skills and work skills. They can learn values in society not in university.

Middle Manager

Tiger Lily University

For one middle manager there was concern about the values demonstrated within some universities and the emphasis placed on money by some teachers.

Universities can contribute a lot to society but sometimes universities have a bad influence on society. For example some universities charge more money

to students. Teachers who pay much attention to money influence the development of students. In China teachers are very much respected by the students. "The teacher is the engineer of the human being's soul". "The candle that lights other candles but sacrifices itself". The emphasis on money is a bad influence on society.

Middle Manager

Magnolia Flower University

Program managers gave a higher priority to teaching values than middle managers. This partly reflected on the need to pass on moral values and partly to counter the selfishness of the one child generation. In answer to this question two new themes emerged – the ability to operate in a western business environment and the impact of the Internet. These views probably reflect the orientation of the respondents which was that of delivering programs to students interested in international business as a career.

There is a long tradition of Schools at whatever level having the responsibility of passing on the teaching of moral values, for example political (Communist Party) or personal values like the Confucian code. This needs to be cherished and passed on to the current generation.

Program Manager

Tiger Lily University

University can help to develop values through contributions to society, ethics courses and work in society. Students are selfish and it is difficult to get students to change their habits and attitudes. They should learn about the importance of making a contribution to society and take courses in ethics and do work in society.

Program Manager

Peony Flower University

The USA born citizen in charge of a program at Magnolia Flower University agreed strongly with most other managers on the need to teach values. But the values he was keen to impart were somewhat different to his Chinese born counterparts in that

they involved the requirements for successful participation in the operations of western businesses, including honesty and trustworthiness.

Universities should teach values. Absolutely. We enforce a policy of no cheating. Chinese students are notorious for cheating and plagiarism. Apparently Mao in a speech once said that if the student sitting next to you in an exam knows the answer he should share it with you. This may be accepted in eastern culture but if you want to work in a western company then you need to understand western business culture which includes intellectual honesty and being trustworthy.

Program Manager

Magnolia Flower University

Reservations were expressed about the ability of universities to exert much influence on values formation by students:

... teachers are only one influence. Students spend 25-30 hours per week in the classroom. But nowadays students spend a lot of time on the internet. This is good because they can learn more – it broadens the student's vision. But it is also bad because there is a lot of rubbish on the internet.

It is very difficult for universities to change attitudes and values because they have already developed at School. When they enter university they are nearly grown up. Thus a solidification process has happened which is harder to change.

Program Manager

Peony Flower University

5.5 Conclusions

The responses of the managers reflected the ongoing debate within the CPC between the “modernisers” who believe that universities should act as agents of modernisation by preparing intellectually skilled elites, and those who believe education should incubate the new socialist citizenry (Zhang 2003). The main areas of response were the roles of universities as providers of skilled labour and research to the economy and industry and as teachers of values.

- All levels of management took the view that the university should serve the economy and industry although program managers mentioned the need to teach values more frequently. This pattern of responses probably reflects the need for senior managers of universities to be seen to be supporting the achievement of national and local priorities whereas program managers confront an under 40 workforce and students who need to be reminded or re-educated about the importance of values.
- This also means responding to the ongoing debate within the CPC about political versus modernising orientation for universities and in some cases this requires the re-allocation of resources within universities as they reorient and reorganise themselves.
- The question of whether universities should teach values served as a coded question about the role of the CPC and elicited some strongly expressed opinions. The weight of opinion was that universities should teach values, which probably indicated that fifteen of the eighteen interviewees grew up during the era of communist consolidation and were heavily influenced by the attitudes of that era.
- Themes which emerged when discussing the question on values included:
 - The effects of Confucianism which prescribes top down decision making and values personal loyalty
 - The influence of the CPC within universities whether in terms of the prescribed courses in the curriculum or other avenues
 - The impacts of the one child policy on the “selfishness of the current generation”

- The social obligations of individuals to make a contribution to society as well as developing survival and work skills
- Inequality of living standards between different regions
- Other purposes mentioned for universities were:
 - Universities should serve practical purposes and teach useful knowledge
 - Universities should serve the community and assist social development
 - Universities should help students get jobs

Universities should have a high academic level and a good reputation for research.

Chapter Six

The Key Stakeholders and their Goals and Interests

6.1 Introduction

Stakeholders can be defined as those groups without whose support an organisation would cease to exist (Sternberg 1997). They include entities which are essential for the continuance of the activities of the business such as customers and employees (Turnbull 1997). Bryson (1995) defines stakeholders as entities that can make a claim on the organisation's attention, resources or output and which are affected by that output. Management is constantly faced with decisions which have to take account of the interests of stakeholders (Wasilieski 2001). Mitchell, Agle and Wood (1997) argue that the degree to which stakeholders can exert influence on managers depends on the manager's perceptions about the extent of the particular stakeholder's power, legitimacy and urgency which they describe as "stakeholder saliency". They define this concept as "the degree to which managers give priority to competing stakeholder claims" (Mitchell 1997, p.854). See Chapter Four for details.

Chapter Six introduces the key stakeholders in Chinese universities and their goals and interests as perceived by the three levels of management interviewed as the basis of this thesis. Chapter Seven examines the means by which these key stakeholders pursue their interests.

6.2 The Key Stakeholders

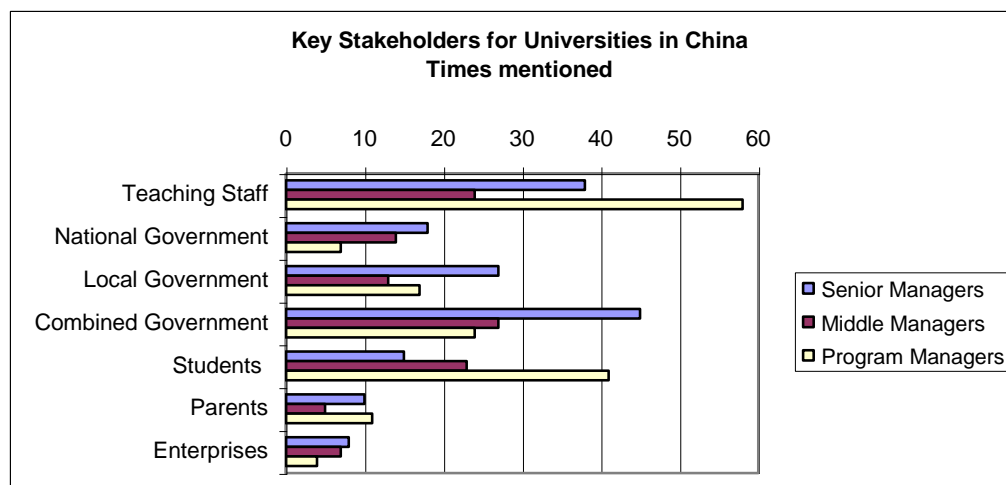
Each interviewee was asked to identify the key stakeholders for universities in China. Table 6.1 summarises their answers by level of management, by times mentioned and category.

Table 6.1

Key Stakeholders for Universities in China
Times mentioned

	Senior Managers	Middle Managers	Program Managers	Total
Teaching Staff	38	24	58	120
National Government	18	14	7	39
Local Government	27	13	17	57
Combined Government	45	27	24	96
Students	15	23	41	79
Parents	10	5	11	26
Enterprises	8	7	4	19

Figure 6.1



For further breakdowns, by university, see Tables A4.4, A4.6, A4.8 Appendix Four.

Figure 6.1 illustrates that for senior managers and for middle managers the key stakeholders were combined national and local government, however teachers figured more prominently in their responses than either level of government. The researcher had expected that the National Government would be the most important stakeholder for senior managers given their role in maintaining relationships with the Government agencies that are the key providers of policy direction and funding and are the ultimate source of power and authority in university decision making.

The distribution of the responses for middle managers probably reflects their multiple responsibilities for implementing university strategy and for responding to changes in the market place for university education, as well as recruiting, and retaining a suitably experienced and qualified workforce.

The unambiguous priorities for program managers in terms of times mentioned were teaching staff and students, probably reflecting their primary orientation which is concerned with issues arising out of the delivery of a teaching and learning program which is perceived to be meeting the needs of students and governments in an increasingly competitive environment. The weight given to teachers as stakeholders probably reflects the key role of the teachers in the delivery process and the difficulty in finding suitably qualified staff who are able to perform at the level required.

It is interesting to contrast the priorities expressed by the different levels of management in terms of times mentioned. For senior managers, government and teachers were most frequently mentioned. For middle managers the pattern of times mentioned was different to that of senior managers with government, teachers, students mentioned with similar frequency. The researcher believes this pattern represents the focus of each level of management with the senior managers primarily concerned with the influence of government on strategy and the influence of teachers on strategy implementation. Middle managers have to be focussed both on delivery and on the responses of students in the market place, as well as on the strategic directions laid down by senior management. Program managers were quite clearly focussed on teaching staff and students, demonstrating their involvement in the delivery of programs into the market place. Across all levels of management, teachers were the most frequently mentioned stakeholders followed by governments

and students. These three groups were by far regarded as the most important of the key stakeholders.

6.3 The Nature of Stakeholders Goals and Interests

6.3.1 Teachers

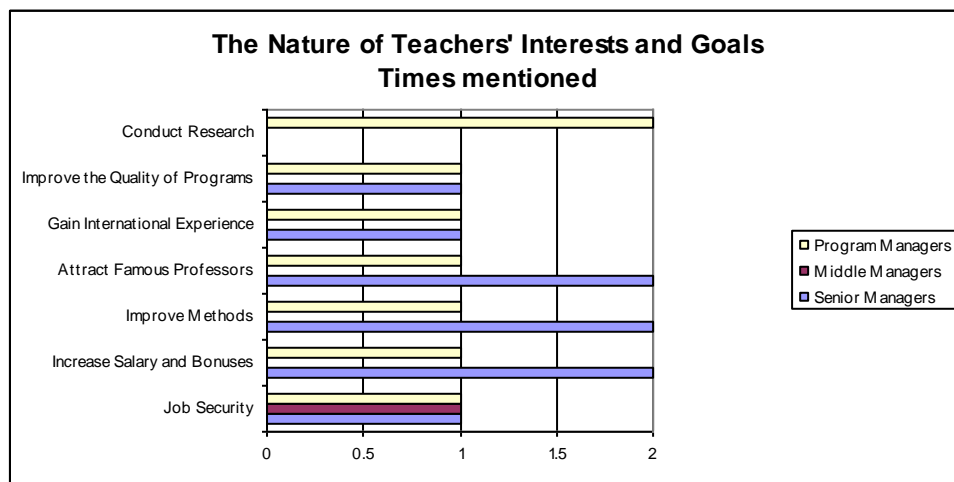
Table 6.2

The Nature of Teachers' Interests and Goals
Times mentioned

Teachers

	Senior Managers	Middle Managers	Program Managers
Job Security	1	1	1
Increase Salary and Bonuses	2	0	1
Improve Methods	2	0	1
Attract Famous Professors	2	0	1
Gain International Experience	1	0	1
Improve the Quality of Programs	1	0	1
Conduct Research	0	0	2

Figure 6.2



For further breakdowns, by university, see Tables A4.5, A4.7, A4.9, Appendix Four.

Teachers were the most frequently mentioned group of stakeholders. However, it is interesting to note the relatively low number of times teachers' interests were mentioned by the interviewees, including the almost complete lack of response from middle managers, given that teachers are the key group in the delivery of services to the students. Senior managers seemed to be most conscious of the interests of teachers as a key stakeholder group. Teachers were perceived as not only seeking

job security and better remuneration, but also as seeking to improve teaching methods and quality, to attract famous professors and gain international experience. These latter ambitions, if realised, would also contribute positively to the overall educational experience of the students.

The following quotation encapsulates a program manager's views about the interests and goals of teachers.

Recruitment is easier now but it was difficult a few years ago. University pay is a bit higher than average. The attraction is the stability and income compared to working in industry. Also there are holidays and lots of chances to travel overseas.

Program Manager

Gingko Tree University

6.3.2 National and Local Government

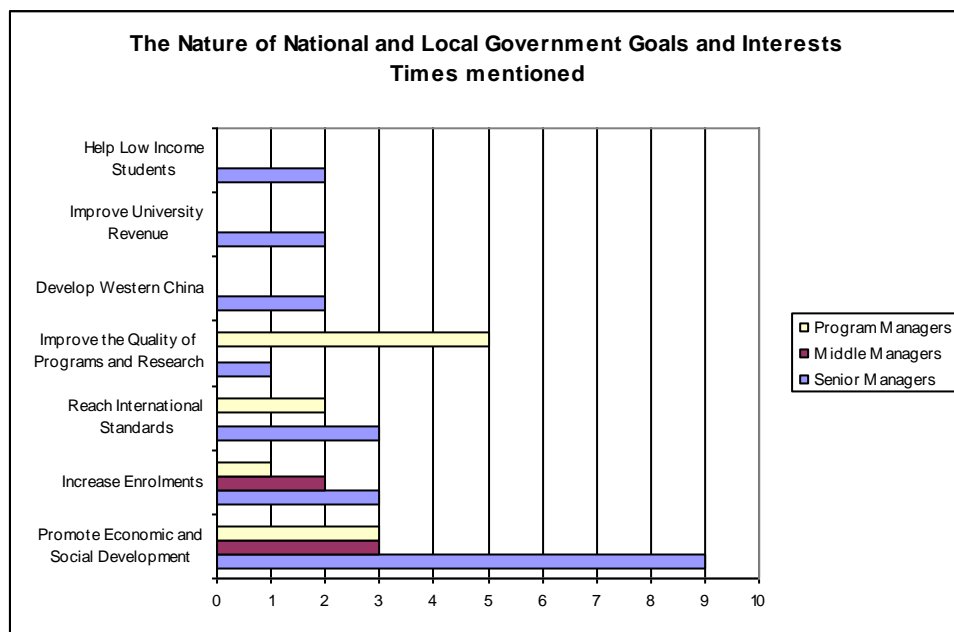
Table 6.3

The Nature of National and Local Government Goals and Interests
Times mentioned

National and Local Government

	Senior Managers	Middle Managers	Program Managers
Promote Economic and Social Development	9	3	3
Increase Enrolments	3	2	1
Reach International Standards	3	0	2
Improve the Quality of Programs and Research	1	0	5
Develop Western China	2	0	0
Improve University Revenue	2	0	0
Help Low Income Students	2	0	0

Figure 6.3



For further breakdowns, by university, see Tables A4.5, A4.7, A4.9, Appendix Four.

Table 6.3 illustrates a clear perception that governments want universities to contribute to social and economic development and to increase enrolments. Senior and program managers also believed that governments wanted universities to reach international standards and improve the quality of their programs.

The “government facing” role of the senior managers is clearly demonstrated in Table 6.3. The priorities of the government under the leadership of Hu Jintao are

evident in the mentions of assistance to low income students and to the development of western China, and in the inclusion of social development alongside economic development and research.

There is a noteworthy contrast in the perceptions of the governments' views about the need to improve the quality of the programs between the program managers and the other two levels of management. This could be a reflection of the direct exposure of the program managers to government auditing requirements and the perception of these requirements as being a major channel by which the government exerts power.

6.3.3 Students and Parents

Table 6.4

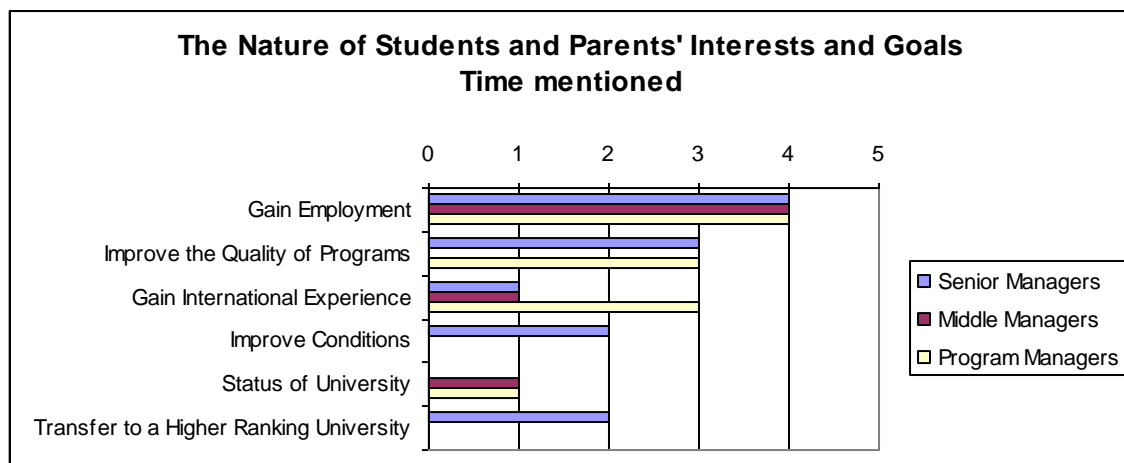
The Nature of Students' and Parents' Interests and Goals

Times mentioned

Students and Parents

	Senior Managers	Middle Managers	Program Managers
Gain Employment	4	4	4
Improve the Quality of Programs	3	0	3
Gain International Experience	1	1	3
Improve Conditions	2	0	0
Status of University	0	1	1
Transfer to a Higher Ranking University	2	0	0

Figure 6.4



For further breakdowns, by university, see Tables A4.5, A4.7, A4.9, Appendix Four.

Table 6.4 illustrates that all levels of management regarded students' main interests as being gaining employment followed by improving the quality of programs and having the opportunity to gain some international experience.

The issue of the status of the university and the possibility of students transferring to higher ranked universities was mentioned nearly as often as the opportunity for international experience suggesting that this was perceived as a threat by the managers and was a source of influence exerted by students.

The perceived motivations of families are made quite clear in the following quotes which indicate that the parents' ambition is for their children to enter a high ranked university in the hope that this will produce a graduate who can get satisfying and well paid employment.

Parents do not worry about the level of fees but rather the quality of the education and whether it will lead to a career and a good life. All parents rich or poor will sacrifice everything for their kids..... Parents aim at the highest possible university for their kids.

Senior Manager

Gingko Tree University

Students get jobs thus more families choose Serene Orchid University.

Program Manager

Serene Orchid University

The following quotations illustrate the impacts of the end of the job allocation system and the university allocation system whereby students were allocated to university courses according to their results, and were not able to change programs or universities. The words such as "demand and supply" and "choice" indicate the power that has been transferred from the government to families since 1993. One of the important effects of this transfer of power is that universities have to pay increasing attention to the needs of their students and families, as well as to the requirements of governments.

Since the end of the job allocation system in 1993 demand and supply affect the market for programs and student choices are based on getting a good job or how to become an entrepreneur.

Middle Manager

Peony Flower University

I deal with students and families on a day today basis. Sometimes the families will attend the School or directly contact the President. The parents want to be involved in the educational process.

Program Manager

Serene Orchid University

Each year Gingko Tree University sends teachers to the students' homes to survey a sample of the parents at home.

Marketing is conducted involving annual fairs.... Also helps students find jobs And encourages Alumni to donate to Gingko Tree University.

Middle Manager

Gingko Tree University

Judgements about the quality of the program on offer relative to the cost, was the second most frequently mentioned area overall. This concern has probably played an important role in the development of the 2003 Law and Regulations for Foreign Joint Ventures in Education which includes strict auditing and measures of accountability aimed at ensuring that such ventures deliver high quality education and consumer protection.

There has been a big change in the relationship – now students ask – I have paid my fees what is the quality of education you are providing?

Senior Manager

Serene Orchid University

If universities are seen to be giving quality education students will come. Nowadays education is oriented to the jobs market. Ministry of Education universities have a good name. They are considered better able to help

students get good jobs. Peony Flower University has set up a department to help students get jobs.

Program Manager

Peony Flower University

Goals and interests in the area of the student experience were also perceived by the managers as being high priorities for students. Issues such as improving the quality of programs, gaining international experience and improving conditions have a bearing on the provision of the best possible opportunity for students to gain a good job with a high income. If the university is not able to provide such an experience the students have the opportunity to seek a transfer to another higher ranking institution. The nature of the parents' and students' goals can be described as the "package" of educational experience provided by the university.

All families want their kids to do well and have a good education. This and housing is the main priority. Most senior high school students have tutors to get the best results possible, for example English teachers will sometimes coach ten at a time while they eat their dinner.

Parents paying for these services have created a new education business.

Senior Manager

Gingko Tree University

An important motivator for students is to get a job in a western company. I encourage the students to participate and be active and creative, to move away from the attitude of never questioning the teacher and from memorisation. The boss wants a solution to a problem, not what is written on page 96. So we should teach business problem solving and analysis, how to develop concepts and be creative.

Program Manager

Magnolia Flower University

The differences between the generations are obvious – young people now are different in the classroom. There is more freedom and students will question teachers. Because the students have paid fees they have a right to expect high quality education. Thus there is a need for high quality teachers.

Program Manager

Serene Orchid University

Students have a big impact. Today they are much more open and quick to receive ideas. They are positive in their growth... but they do not work as hard Students try to memorise less and be more creative.

Program Manager

Tiger Lily University

The most important thing is how to deal with problems in the real world. Thus knowledge from textbooks is not very important. In teaching and learning students should be at the centre. They should learn to self-study and to not rely on the professors.

Program Manager

Gingko Tree University

At Lotus Flower University all students study English. Most are highly motivated. They choose their major before they start.

Program Manager

Lotus Flower University

6.3.4 Enterprises

Table 6.5

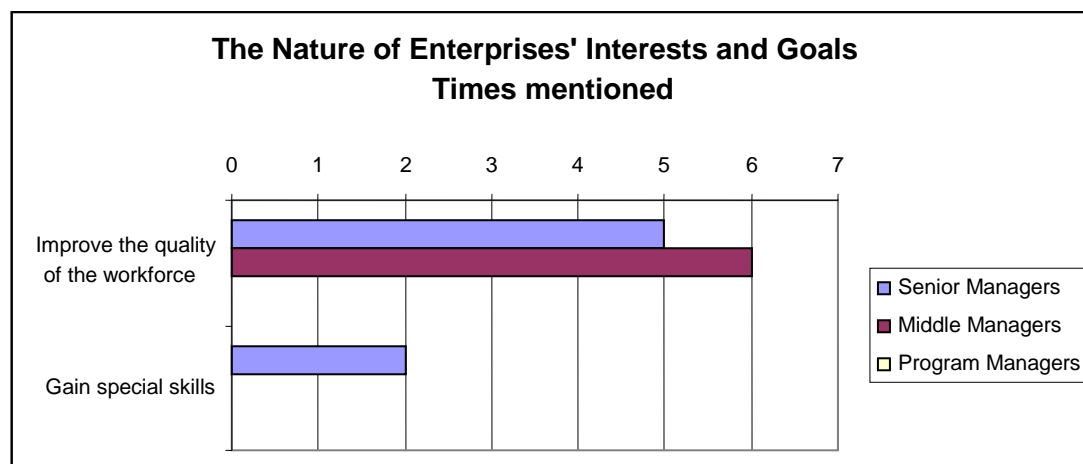
The Nature of Enterprises' Interests and Goals

Times mentioned

Enterprises

	Senior Managers	Middle Managers	Program Managers
Improve the quality of the workforce	5	6	0
Gain special skills	2	0	0

Figure 6.5



For further breakdowns, by University, see Tables A4.5, A4.7, A4.9, Appendix Four.

The pattern of responses in table 6.5 reflects the low priority given to enterprises by program managers, even though gaining employment is recognised as a key goal of the students in the programs which are the responsibility of this group of managers. Both senior and middle managers were clearly aware of the desire of enterprises to improve the quality of their workforces by recruiting skilled university graduates. Program managers did not mention the goals of enterprises at all, whereas, as will be seen in Chapter Seven, they indicate an awareness of the means by which enterprises pursue their interests.

Each year Ginkgo Tree University organises a personnel fair and invites the management of companies to meet the students to describe their desired characteristics. This has an effect on student choices and their enrolment plans....

Middle Manager

Ginkgo Tree University

Enterprises were also invited to provide practical experiences for teaching staff.

During the summer vacation students do a social survey or internship in companies to learn about practical work related to their majors. Some students are recommended by the university to the company, others find their own positions. The companies make written comments on the students' performance. Lotus Flower University graduates are valued because of the experience of internship, social experience and dissertations.

Program Manager

Lotus Flower University

Magnolia Flower has many contacts with factories that are used as sites for learning – accompanied by academic staff. All new staff spend six months to a year in factories. Thus they get work experience which is important for promotion. This is very expensive – it is all paid for by Magnolia Flower. It is also very important in establishing relationships with enterprises.

Senior Manager

Magnolia Flower University

6.4 Stakeholders – Their Contribution and Interests

Table 6.6 demonstrates the application of Weimer's (1995) concept of the contribution and inducement relationship between the stakeholders and the Chinese universities. It summarizes the contribution of the key stakeholders and the perceived inducements that are sought as a set of responses to the contribution from the stakeholder.

Table 6.6 Stakeholders and their typical contribution – inducement relationship with the university

Key Stakeholders	Contribution	Perceived Inducement (interest satisfaction)
Teachers	Intellectual Property Teacher Contact Hours Curriculum Development Pastoral Care	Salary and bonuses Improved methods Job security Attract famous professors
National and Local Governments	Fixed assets Funding Legislation and Regulation Quality Audits	Economic and social development Increase enrolments Reach international standards Improve quality
Student and Parents	Fees Feedback	Gain employment Improve the quality of programs Gain international experience Improve conditions
Enterprises	Contribute to academic curriculum Provide practical experiences	Improve the quality of the workforce Gain special skills Recruitment in general

6.5 Conclusion

6.5.1 The Key Stakeholders

- The key stakeholders were identified as the teaching staff, national and local government, students, parents and enterprises.
- The teaching staff was identified as being more important than either national or local government probably because of their latent power arising out of the shortage of suitably qualified and experienced staff.
- Different levels of management expressed different priorities in terms of the number of times stakeholder groups were mentioned:
 - Senior managers most frequently referred to government
 - Program managers most frequently referred to teachers and students
 - Middle managers mentioned government, teachers and students with similar frequency.

This probably reflects the different perceptions of each managerial group of the power, legitimacy and urgency of each stakeholder group.

6.5.2 Goals and Interests of Stakeholders

- In terms of stakeholder interests and goals the most frequently mentioned groups were local and national government, students, teachers, enterprises and the economy.
- The priority goals and interests of governments were seen as economic and social development, enrolments, reaching international standards, and improving the quality of programs.
- Senior Managers also mentioned the development of western China, improving revenue and assistance to low income earners perhaps reflecting the reorientation taking place under the leadership of President Hu Jintao.
- The priorities of teachers were seen as job security, increasing remuneration, improving teaching methods and attracting famous professors in equal measure. Other priorities mentioned were gaining international experience and improving the quality of programs.
- The lack of response from middle managers on the goals and interests of teachers was noteworthy, perhaps reflecting their need to focus both on the requirements of senior managers and delivery of the service.

- The priorities of students and parents were perceived as gaining employment, improving the quality of programs, gaining international experience, improving conditions for students and improving the ranking of the university.
- Senior managers also mentioned the desire of students to transfer to a higher ranking university.
- The goals of enterprises were seen as improving the quality of the workforce and gaining access to special skills.

Chapter Seven

The Means by which Stakeholders pursue their interests

7.1 Introduction

In the previous chapter the key stakeholders and their interests and goals were identified. In Chapter Seven the means by which these stakeholders were perceived to pursue their interests are explained.

Mitchell et al (1997) assumed that a stakeholder has power when it can impose its will on the organisation, that a stakeholder has legitimacy when the actions of an entity are regarded as proper or appropriate, and that a stakeholder has urgency when its claims have priority over the claims of other stakeholders. In terms of power, legitimacy and urgency governments were perceived by senior managers as possessing all three characteristics. In the terms used by Mitchell et al (1997) governments were seen by senior managers as "definitive". However for program managers and middle managers, teachers were the most important stakeholder group perhaps reflecting their perceived power. Teachers are the group that delivers the service that defines the university in the eyes of client groups. They possess legitimacy and urgency in the minds of program and middle managers and possibly have means by which they can exert power.

7.2 Methods by which stakeholders pursue their interests

In this section the means by which stakeholders were able to exert pressure on management decision making in pursuit of their interests are described. Each group of stakeholders was perceived as having a particular suite of methods for applying pressure.

It should be noted that where there was only one response in a particular category it was not included in this analysis. For full details of the responses please see Tables A4.10, A4.11 and A4.12 in Appendix Four.

7.2.1 Teachers

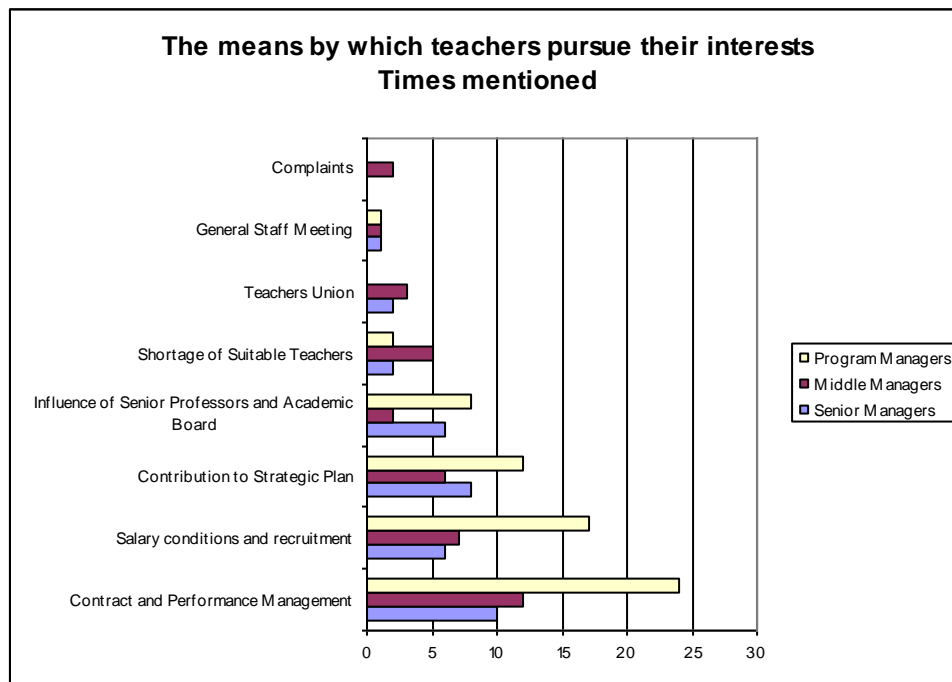
Table 7.1

The means by which teachers pursue their interests
Times mentioned

Teachers

	Senior Managers	Middle Managers	Program Managers	Total
Contract and Performance Management	10	12	24	46
Salary conditions and recruitment	6	7	17	30
Contribution to Strategic Plan	8	6	12	26
Influence of Senior Professors and Academic Board	6	2	8	16
Shortage of Suitable Teachers	2	5	2	9
Teachers Union	2	3	0	5
General Staff Meeting	1	1	1	3
Complaints	0	2	0	2

Figure 7.1



For further breakdowns, by university, see Tables A4.10, A4.11, A4.12, Appendix Four.

Table 7.1 illustrates the means by which teachers were able to exert influence on management decision making. The most significant area in the minds of the managers was the background demand and supply issue arising out of the difficulty in recruiting suitably qualified and experienced teachers, which gives the existing and potential workforce a degree of leverage. That is to say teachers were perceived as being able to exert influence as key stakeholders because they were in short supply. This situation seemed to give teachers a very high degree of saliency in the minds of the managers who have to deal with the market factors of demand and supply. There seemed to be difficulties in attracting suitably qualified staff to teach in universities particularly in areas of high student demand. University managers sought to influence teacher choice through attractive contracts and the opportunities for overseas experience and performance management.

Issues to do with contracts and performance management were at the forefront of the minds of all levels of management.

In public universities teachers cannot be dismissed while the Government can send people to gather teachers' comments on the performance of the President. I can't fire them but they can comment on my performance so I am afraid of the teachers.

Senior Manager

Serene Orchid University

The institutional response to this possibly latent power available to teachers has been the development of a contract based employment system. This system, at least in a theoretical sense, also provides the basis for universities to reallocate resources in line with market demand rather than according to *guanxi* or ideological considerations.

All teachers have a 5 year contract. Each year performance is investigated in terms of teaching hours, research articles that have been published... Ratings are either excellent, satisfactory or fail. If the person does not meet the criteria the situation will be analysed. If the person has definitely failed there are some penalties – demotion...

Demotions happen every year.

Contract is in a sense theoretical. You have to renew the contract but you have the right to change the position or lower the level.

Senior Manager

Tiger Lily University

All positions are evaluated according to the needs of the university. In order to be promoted you must achieve specific goals e.g. publication of papers.

The staff has felt the pressure of competition and also need to feel a sense of achievement to get rewards from the university. If a position is a new one outsiders will be sought to fill it. The aim is to recruit excellent professors. All staff are on three year contracts. If they do not perform they can be fired.

Senior Manager

Peony Flower University

In the past three years there have been many changes. The biggest change for teachers is the pressure that they have come under. For example from February 2004 all lifetime positions for professors and associate professors will cease and they will be appointed to three year contracts. They have to fulfil performance criteria or they can be demoted one level.

Senior Manager

Magnolia Flower University

Teachers have an annual target for teaching hours. Salary is composed of basic rate per month plus a bonus which depends on the annual income of the Faculty... and the Faculty decides the quantum.

Middle Manager

Tiger Lily University

All new staff start on one year contracts... Then after review the contract might be extended for two to three years.

Although teaching loads are heavy all Faculty have a sabbatical every five years. About ten go abroad each year to places like the Netherlands and the USA.

Middle Manager

Peony Flower University

Officially all teachers are on fixed term contracts however the perceived realities around contracts seem to be that it is rare for contracts to not be renewed perhaps reflecting the power of teachers.

All teachers have their contracts renewed because there is a shortage of teachers.

Program Manager

Serene Orchid University

There are six permanent staff who are not really on contracts but formally employed with the university thus they are assured of jobs.

Program Manager

Tiger Lily University

All staff are on three year contracts from 2002. If a person fails to meet the performance criteria they are still an employee of the university but they can lose their title and can still teach. They can return to a higher position if they do a good job. However if the new employees do not measure up after three years they can be unemployed.

Program Manager

Gingko Tree University

If performance is not satisfactory the person may be demoted for salary purposes but keep the title. Generally it is said that the staff have contracts but this is not really put into practice.

Middle Manager

Tiger Lily University

Issues of salary, conditions, recruitment and the need to provide opportunities for international experience were frequently mentioned as means by which suitable staff can be recruited and retained.

There are also such things as “mentor led groups” to help teachers lift their standards. Magnolia Flower also provides funds for teacher training and staff development.... In 2002 two staff were sacked as a result of student complaints and an investigation by a special committee... In the past two years seventy new staff have joined...For new graduates they can be offered 300-400 per month.... In housing subsidies ... to poach from other universities we offer a subsidy for housing of RMB 300,000.

Senior Manager

Magnolia Flower University

Lotus Flower University has recruited teachers from foreign universities who come on sabbatical leave. This involves a lower cost and those people run training classes for people outside the campus for 4-6 weeks which leads to a certificate. Lotus Flower also sends young teachers to Universities in the UK for higher degree study.

Senior Manager

Lotus Flower University

Another means by which teachers exert influence is via senior professors and academic boards which represents a channel of influence that has power, legitimacy and authority. In the Confucian hierarchy senior professors are very influential.

The university has an academic board ... including all the senior professors. This Board has to agree to changes such as developing a new area, changing teaching methods or conditions, changing programs, inviting famous professors – by a majority vote if necessary. It is not easy to deal with that.

Senior Manager

Tiger Lily University

As will be noted later the ability of teachers to exert pressure on management decision making is somewhat counter balanced by the performance management system used in the universities included in the study. An example of the induction process is included in the following quotation.

For younger staff a senior academic is invited to supervise and help prepare teaching files and develop teaching skills.... When the new teacher starts teaching classes are observed by older teachers Students complete an assessment sheet The teacher gets the survey results.... This assessment is carried out twice per semester.

Program Manager

Serene Orchid University

Teachers were also perceived by middle and program managers as making a contribution to university planning usually through formal meetings.

There are meetings to discuss the five and ten year plan at School level which comment on the general proposal from the senior management. These are reviewed by the President and the Party Committee and a revised plan is presented.

Then the Schools make a specific detailed annual plan.

Middle Manager

Peony Flower University

7.2.2 National and Local Governments

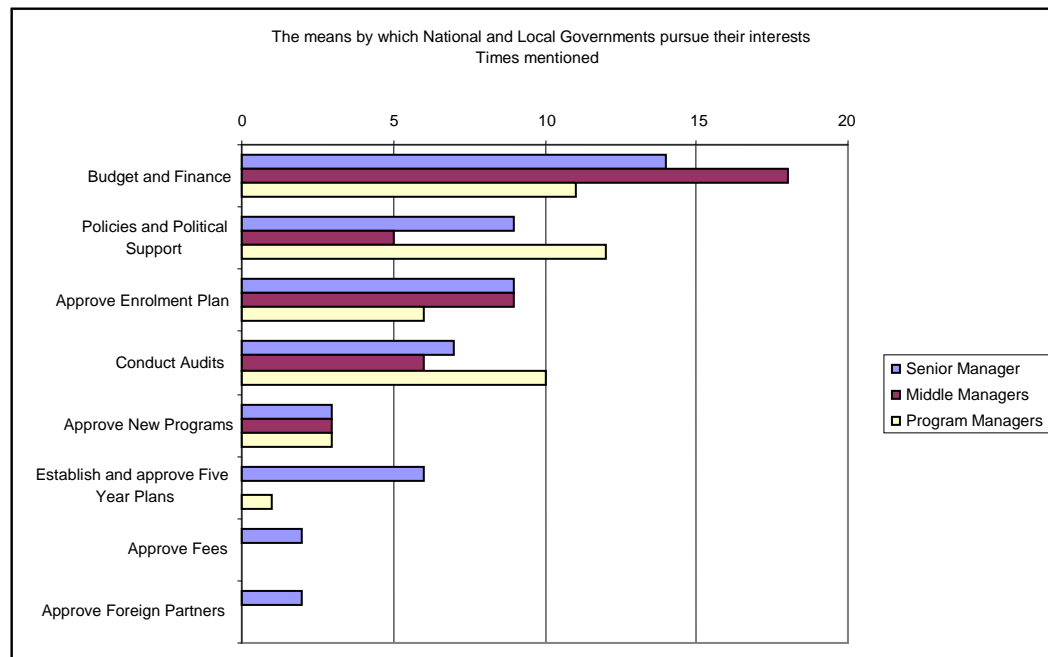
Table 7.2

The means by which National and Local Governments pursue their interests
Times mentioned

National and Local Government

	Senior Manager	Middle Managers	Program Managers	Total
Budget and Finance	14	18	11	43
Policies and Political Support	9	5	12	26
Approve Enrolment Plan	9	9	6	24
Conduct Audits	7	6	10	23
Approve New Programs	3	3	3	9
Establish and approve Five Year Plans	6	0	1	7
Approve Fees	2	0	0	2
Approve Foreign Partners	2	0	0	2

Figure 7.2



For further breakdowns, by university, see Tables A4.10, A4.11, A4.12, Appendix Four.

Table 7.2 illustrates that all levels of management tended to hold the view that governments were able to exert influence through their decision making power over budget and finance and enrolment plans, reinforced by the regime of audits conducted by local and national governments. The power of approval over the introduction of new programs was also mentioned as a channel of influence by senior

and program managers. Senior managers were also conscious of the more strategic issues arising from the government's power to approve university five year plans, fee levels and foreign partners. Key words illustrating this power include "approved", "granted", "decided". These words indicate that the final decision in these matters rests with the government.

It should be noted that other areas of government involvement mentioned by the managers included determining the composition of staff by setting ratios of teaching to administrative staff, setting salary levels, determining management appointments and deciding which university revenue streams are taxable.

As might be expected National Governments were perceived to exert influence through policies and political support and through budget and profile planning. Senior managers were also conscious of audit and reporting requirements. Local Governments were not mentioned as frequently by senior and middle managers but were mentioned more times than the National Government by program managers in the areas of budget and finance and audit and reporting. This may reflect the increasing role of local government in programs of strategic interest and in implementing the requirements of the National Ministry of Education such as auditing of academic programs.

Even though there is a mixture of translated Chinese terms and direct English terms the power exerted by government authorities emerges in the words used in the following quotations. For example words such as "budget", "reporting", "approved", "permission", "quotas", "authorisation", "control" all bespeak of the power exerted by the local and national governments. Funding is the mechanism by which power is exercised. For universities funding comes primarily either from the government or from students' fees.

Managers were very conscious of the key financial role of governments.

Serene Orchid operates under a direct budget system where it has to report to the Government and every January it has to have its budget approved by the Government. The Government provides 40% of Serene Orchid's budget.

In 2002 60% of the funds came from tuition fees. Since 2001 controls on these funds have become tighter....

All enrolments must be approved by the Government...

To establish new major studies permission must be granted by the Government... Salary levels for teachers are decided by the Government.

Senior Manager

Serene Orchid University

The university gets money from the Central Government, the Local Government and students. All students pay fees except the fee free areas like teaching, forestry, agriculture, the army university and minority students.

Middle Manager

Tiger Lily University

The National Government influences Peony Flower University through research grants....for specific projects. The National Government also exerts power through quotas and program authorisation....

The Provincial Government funds extra enrolments of students from the Province.

Middle Manager

Peony Flower University

All contact with the National Government is via the Local Ministry. Tiger Lily University would only contact the National Government if there was a serious problem. Whilst funding comes from the National level it is distributed by the Local Ministry.

National Government influence is mainly via general policies. An example of Central Government influence is the admittance of *guanxi* students into universities.

Middle Manager

Tiger Lily University

The admittance of *guanxi* students refers to students who are not qualified being permitted to enter the university on the basis of their families' *guanxi* or connections. An example of how *guanxi* operates from the Chinese perspective is found in the

case study in Chapter Three. Such practices are usually frowned on in universities in Australia on the basis that they deny the opportunity of a place to someone who is better qualified and therefore more deserving of a place.

Most universities in China receive funding from the National and Local levels of government. National funding is channelled through local governments. The financial capacity of the local government to support universities is an important determinant of the standards of the local university.

The Government in Sunrise City is very strong because it has a lot of revenue. Serene Orchid is a public university thus it has to be under the control of the Government. Government support for Serene Orchid derives from the Government's objective for Sunrise City to be a modern and international society.

Program Manager

Serene Orchid University

The Local Government is the main investor in Gingko Tree University. More than two thirds of the university's funds come from the Municipal Government.... the National Government contributes a small proportion....The Local Government does not provide clear directions.

Middle Manager

Gingko Tree University

The power of the local government is illustrated in the following quotation through the reference to "funds", "appointed by", "controlled" and "decides". Chapter Five contains an explanation of the process by which managers are appointed in Chinese universities. The process enables government officials to exert control at all levels in the organisation down to the level of individuals.

Gingko Tree University gets one third of its funds from the City Government, as it is a local university. The President and the major leaders of Gingko Tree University are appointed by the Government. Most activities are controlled by the City Government. The City Government decides on the timing of holidays and exams.

Program Manager
Gingko Tree University

In recent years the National Government has stepped back from direct involvement in profile planning and funding of most universities in China and handed this responsibility over to local governments. However it has instituted a regime of regular audits which enables it to maintain a level of influence. While local governments determine the enrolment profile of universities this planning process is reinforced with a regime of audits arranged at national level covering both financial matters and the quality of programs.

The relationship with the Local Government is now more important than the National Government. The priorities of the Local Government are reflected in the plan of enrolment that is provided each year. This is a gross figure. The actual pattern of enrolment by majors is decided by the University.

Senior Manager
Tiger Lily University

Nowadays about 70% of those who pass the National Entrance Exams are offered a university place... The National Government sets priorities and makes regulations and policies... The National Government also sets standards and conducts audits in conjunction with the local authorities every five years. These audits are to assess the performance of universities and their standard... National universities are mainly funded by the National Government... However these universities also get funds from the Local Government – this is called “co-management” or “co-funding”. Local Governments want them to contribute to local development... funding is the same for all students who take the National Entrance Exams ... The Local Government provides funds to enable the enrolment of up to 15% of the total from local provinces... It is local government policy that one third of the tuition fee shall be given back to the students in some form to support low income students ...

Senior Manager
Magnolia Flower University

All disciplines have to be approved by the National Government ... The National Government will tell you how many people you can enrol. Every five years the Central Government will check the university – the quality of the education, research, teachers, the education process...

Program Manager

Gingko Tree University

The influence of the market forces of demand and supply is reflected in the following quote from Serene Orchid University where demand for places has grown rapidly reflecting the very positive job prospects for graduates in areas of high demand which have arisen as a result of China's rapid economic growth.

In the past the Government exerted strict controls over Serene Orchid's enrolment and Serene Orchid had to beg to have the numbers lifted. In recent years the Government has been begging Serene Orchid to take more students.

Senior Manager

Serene Orchid University

For senior managers, the fact that government approvals were required for virtually all the major areas of their responsibility meant that governments received many mentions. This approval system is buttressed by a system of audits which are conducted on an annual basis for universities receiving special government funding such as those in the 211 Project and the 985 Project. Also all foreign joint ventures are subject to annual audits. In some areas the governing authority has appointed a senior government official to handle liaison directly with universities.

All enrolments must be approved by the government ... To establish new majors permission must be granted by the government. The percentage of professors and associate professors is decided by the government. Salary funds for teachers are also decided by the government – this relates to the level of pension on retirement... Tuition income can be used to pay fringe benefits and bonuses to staff. The pre-condition is that Serene Orchid University has to pay tax on this income The President is approved by the government.

Senior Manager

Serene Orchid University

As will be seen later the degree of choice available to students exerts pressure on universities to protect and promote their reputation, both to attract new students and to help current students in their quest to gain employment. However universities must operate in an environment where the demand side is being progressively deregulated while the supply side is highly regulated down to the level of quotas for each academic program.

7.2.3 Students and Parents

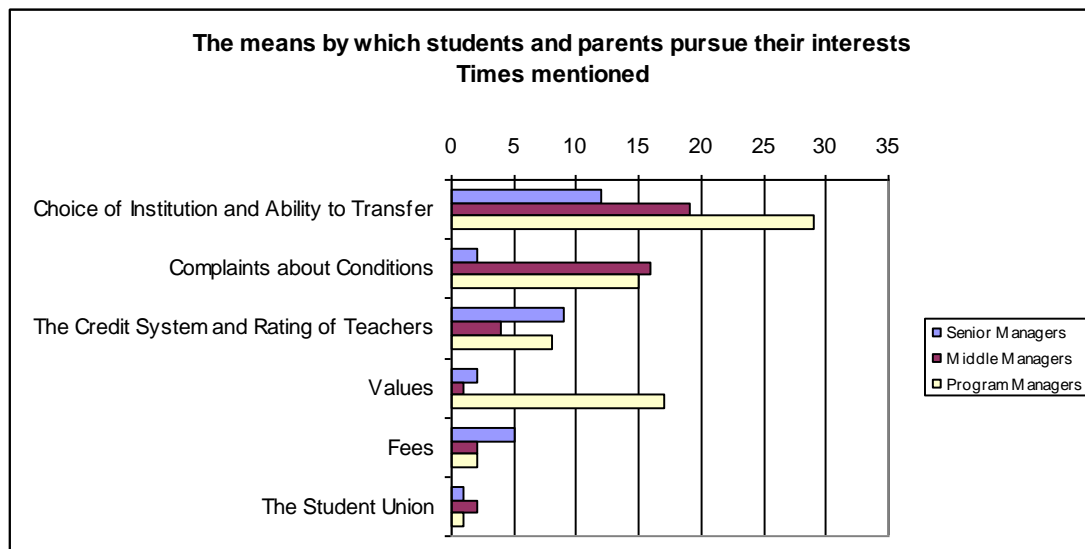
Table 7.3

The means by which students and parents pursue their interests
Times mentioned

Students and Parents

	Senior Managers	Middle Managers	Program Managers	Total
Choice of Institution and Ability to Transfer	12	19	29	60
Complaints about Conditions	2	16	15	33
The Credit System and Rating of Teachers	9	4	8	21
Values	2	1	17	20
Fees	5	2	2	9
The Student Union	1	2	1	4

Figure 7.3



For further breakdowns, by university, see Tables A4.10, A4.11, A4.12, Appendix Four.

Table 7.3 illustrates that in terms of power, the key area of influence for students is the ability to exercise a degree of choice about the institution they will enter after the publication of the results of the National Entrance Examination. The topic “values” refers to the students’ experience at the institution in several dimensions, including discipline and access to the internet. Students are also able to exert influence through complaints, through the use of the credit system which enables students to choose their lecturer, through ratings of teachers, through the student union and through their ability to transfer to another institution. The two key areas where students were able to exert power were through complaints about conditions for

current students and for prospective students, and through their ability to choose the university they will study at.

In the last ten years tuition fees have been introduced and education is rapidly becoming more expensive. There are more opportunities for students to choose from a wider range of options thus there are more complex requirements for universities. There has been a big change in the relationship. Now students ask – I have paid my fees, what is the quality of education you are providing?

Senior Manager

Serene Orchid University

At the end of the second of a four year degree students can take exams to transfer to another university ... therefore Magnolia Flower University has to find and look after its best students

Senior Manager

Magnolia Flower University

It seems that the complaints channel provided students with substantial power in the minds of the managers. The possibility of having to deal with complaints from students and parents was mentioned by all levels of management. This seemed to be an important channel by which families were able to exert both power and urgency given that it was possible to lodge complaints, not only at program level, but also at Presidential and Education Commission levels. The fact that complaints via this channel were given legitimacy and authority, because they could go to senior management and the local education commission, probably gave them greater priority in terms of the agenda of managers.

Unsatisfied students can speak to their adviser or to the website or to the Dean's suggestion box.

Middle Manager

Peony Flower University

Dissatisfied parents will nag the Deans. Dean's direct lines are publicly available. Academic problems are referred to the Vice President Academic;

financial problems are referred to the Vice President Finance. At School level there are coaches for students who take care of all things connected with students. The concept of "class" is not relevant at Gingko Tree University as now students can select their own courses.... There is also a web page from the President and Faculty web pages and people can email these pages. Gingko Tree University has found some students are very active complainers. Out of 24000 students there is a core of 500 to 600 who send a lot of complaining emails.

Middle Manager

Gingko Tree University

If parents are not satisfied they are able to complain to the Department at Serene Orchid University or to the Office of the President. They could also send a letter to the Education Commission which would lead to pressure on Serene Orchid University. Thus Serene Orchid University staff have regular meetings with parents and there are young supervisors arranged to look after the students and maintain contact with families.

Program Manager

Serene Orchid University

The President and the Dean have email letter boxes to receive comments from the students. This can make it difficult for those at school level because it is difficult to hide stuff from the President.

Program Manager

Gingko Tree University

A frequently mentioned area where students and parents were able to exert pressure was in the area of performance management of teachers and the credit system. The credit system was introduced in 2002 on a small scale in public universities. It enables students to choose their courses and their lecturer. Also students are required to give feedback on the performance of their teachers. While the teachers seemed to enjoy a position of power in the minds of the managers, students seemed to be able to exert pressure on the teachers to perform at a satisfactory standard. However this pressure was shared with the managers, given that it was their responsibility to either improve the performance of the teachers or to remove them.

Students give ratings about teachers. Most students want to learn and want high quality education and teaching... Low scoring students sometimes complain about the teacher... Students can choose lecturers through the credit system. Students want to know about the teachers' ratings. Once the limit is reached in a class students have to go elsewhere. If there are only 10 in a class, the class will be cancelled.

Senior Manager

Gingko Tree University

If the teacher has a low rating they may need training to show them how to be a better teacher. The feedback goes to the school where the pressure really applies. The teachers' union invites the students to vote for the top lecturers.

Senior Manager

Magnolia Flower University

Every semester students complete a survey of the performance of every teacher. They express views on the teaching methods. If they do not meet a satisfactory standard then there is an investigation. If the investigator is not satisfied the teacher is sacked. Rewards for good performance include not a bonus but maybe an increase in compensation.

Middle Manager

Lotus Flower University

At the School level there are "coaches" for students who take care of all things connected with students... The concept of "class" is not relevant at Gingko Tree University as now students can select their own courses.

Middle Manager

Gingko Tree University

The credit system means that students can decide on their courses. Thus an unpopular lecturer will have a big problem. Student demand can determine the direction of the School... They rate the lecturers and can make suggestions about the regulations of the university.

Program Manager
Gingko Tree University

In terms of legitimacy the students' unions were perceived as important channels for communication. However it is questionable as to whether they were able to exert power to the extent of affecting the agendas of the university managers in the study.

Students have more and more influence ... There is the Students Union. If Magnolia Flower University makes important policy it has to invite the student representatives to hear their inputs and opinions. If the students do not like a teacher they may ask the authorities to change to another one. If they do not like the study environment they may talk to the President.

Middle Manager
Magnolia Flower University

Last week the university had to put up food prices in the canteen – this was first put to a committee that included students' union representatives and teacher and administration representatives. The students' representatives were informed of the decision so please understand this is reasonable and we do all these things for you.

Senior Manager
Magnolia Flower University

Key words in the above quotation are "informed of the decision" which describes a very Confucian relationship. That is to say the decision was made in the top of the hierarchy and the students being at the bottom of the hierarchy were asked to co-operate by being asked to "understand that this is reasonable".

Pressure can also arise as a result of *guanxi* relationships and the connections of the family. This is not market pressure but a form of political pressure.

There is a lot of pressure and contacts from the family – the child is the emperor of the family... If they fail one subject both the parents and the child will come, even at universities. This can lead to very bad things... Such as the parents going to a "special person" to apply influence to give the child a chance to pass.

Middle Manager
Tiger Lily University

7.2.4 Enterprises

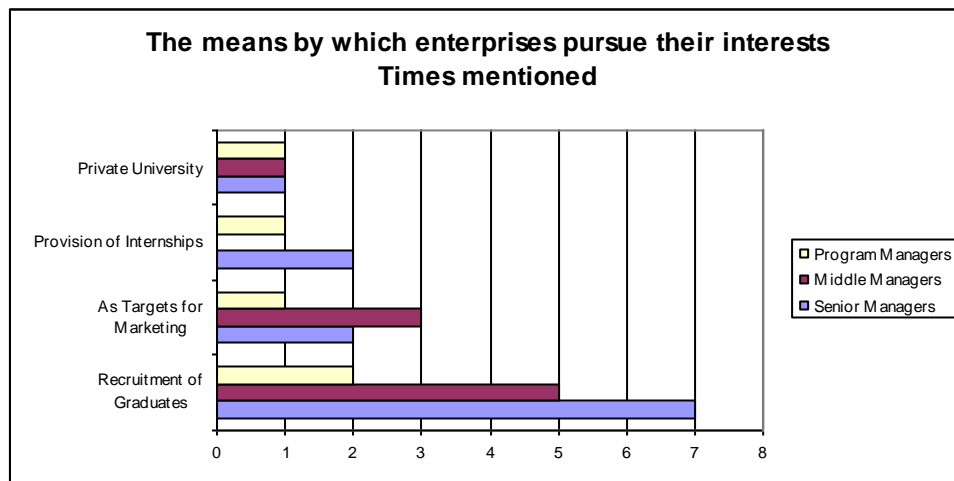
Table 7.4

The means by which enterprises pursue their interests
Times mentioned

Enterprises

	Senior Managers	Middle Managers	Program Managers	Total
Recruitment of Graduates	7	5	2	14
As Targets for Marketing	2	3	1	6
Provision of Internships	2	0	1	3
Private University	1	1	1	3

Figure 7.4



For further breakdowns, by university, see Tables A4.10, A4.11, A4.12, Appendix Four.

Enterprises were perceived as exerting influence through their recruitment of graduates and the provision of internships to current students. Internships involve placement in enterprises, usually during student vacation periods. The students are required to write a report on various aspects of their experience as part of the assessment. Sometimes the enterprise produces a report on the student's behaviour and attitudes which also forms part of the assessment. Enterprises were also invited to influence the curriculum in universities.

Each year Gingko Tree University organises a “personnel fair” and invites the management of companies to meet the students to describe their desired characteristics. This has an affect on student choices and on their enrolment plans.

Middle Manager

Gingko Tree University

The key characteristics of Lotus Flower University are:

- Improving teaching quality and strict discipline
- Thus all students must learn English, maths and computer science ...
- Lotus Flower University designs its own courses.... These courses are reviewed every semester or every year The changed curriculum has to be registered with the Government. Feedback and advice are sought from teachers and enterprises.

Program Manager

Lotus Flower University

7.3 Stakeholder Salience

Table 7.5 represents an attempt at re-ordering the data represented in the preceding tables and figures using the concepts of key stakeholder attributes developed by Mitchell et al (1997). Mitchell et al (1997) argued that the degree to which stakeholders can exert influence depends on the managers' perceptions about the extent of three key stakeholder attributes – power, legitimacy and urgency. (See Chapter Four for details). The table incorporates data from earlier tables plus elements from the quotations.

Table 7.5

Means by which stakeholders pursue their interests

		Teachers	Government	Students and Parents	Enterprises
Power	Coercive	*Salary conditions and recruitment *Shortage of suitable teachers *Contracts and performance management	*Policies and political support *Decide enrolment plan *Determine composition of staff *Determine management appointments	*The Credit System *Choice of institution *Rating of teachers *Ability to transfer to another institution	*Recruitment of graduates
	Utilitarian		*Budget and finance *Approve fees *Setting salary levels *Deciding which revenue streams are taxable	*Payment of fees	*Targets for marketing *Private University
	Normative	*Contribution to University Plan	*Conduct audits		
Legitimacy		*Influence of Senior Professors and Academic Board *Teachers Union *General Staff Meeting	*Approve foreign partners *Approve Five Year Plan	*Student Union	*Provision of Traineeship
Urgency		*Complaints	*Powers of approval and conduct of and publication of audits	*Complaints about conditions	

Table 7.5 shows the key attributes of the four groups of stakeholders as perceived by the managers. It can be seen that governments possessed attributes in all categories and subcategories, and that students and parents and teachers also possessed attributes in each of the three categories, but not all subcategories. All stakeholders were perceived as possessing coercive power in that, to some extent, they possessed power to impose their will on the institution. However the relative distribution of that power is weighted towards the governments in that they represent institutional entities with the power to ultimately determine the future of the university and its management, whereas the power of students and teachers is manifested in the outcomes of uncoordinated individual decisions. These points will be explored further in the discussion in Chapter Ten.

7.4 Conclusions

Teachers, Government and Students and Parents were seen as possessing the three key stakeholder attributes – power legitimacy and authority.

- The shortage of suitable teachers gives that group of stakeholders considerable power which is exercised through the influence of senior professors and academic boards, the teachers union, contributions to university planning, general staff meetings and via complaints.

Middle and Program Managers provided most responses about the means by which teachers pursued their interests.

- Governments were perceived as enjoying power, legitimacy and authority. They were perceived as pursuing their interests through budget and financial controls, audits, control over enrolment plans, ability to approve new programs, approval of university plans, fees and foreign partners.
- Students and parents apparently are able to exert influence through complaints, through their power to choose the institution, through the credit system, the student union, and through their ability to transfer to another institution.

Middle and Program Managers provided the most responses about students and parents.

- Enterprises were seen as exerting influence through the recruitment of graduates and provision of internships.

In summary, governments were perceived as exerting considerable power because they possessed attributes in all categories and sub-categories of stakeholder salience as defined by Mitchell et al (1997), particularly through their ability to approve, authorize and audit activities. Students, parents and teachers also possessed attributes in all three categories of power, legitimacy and urgency but their salience stemmed from the outcomes of individual decisions rather than purposive interventions such as those utilized by the agencies of governments.

Chapter Eight

Strategy Development and Implementation

8.1 Introduction

Chapter Eight analyses the responses of the interviewees to questions about the process of strategy development and implementation. Although all interviewees were asked questions on these topics not all chose to reply directly. Some did not reply at all as happened at Peony Flower University with the senior manager. This lack of response may have been due to reasons such as not understanding the questions, concerns about revealing State secrets, or the question not being particularly relevant to a senior manager who was accustomed to simply deciding on strategy for the organisation and then having it implemented. Given the general reluctance to mention the role of the Communist Party of China and the role of the Party Committee it is perhaps not surprising that some of the interviewees did not comment. As can be seen in table 8.2 those in the "lowerarchy" were more willing to comment on the role of the Board.

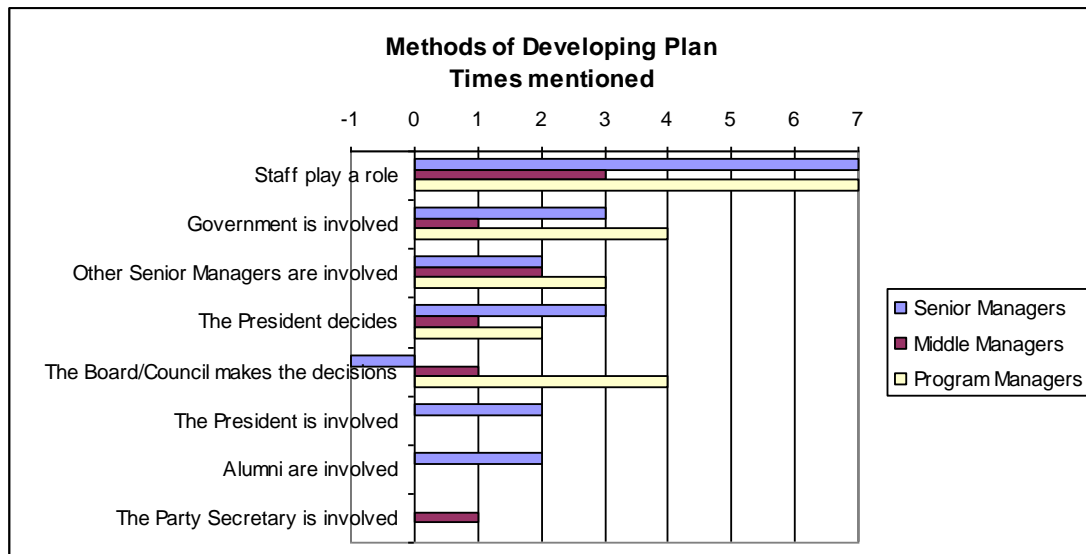
8.2 Approaches to Strategy Development

Table 8.1

Methods of Developing Plans
Times mentioned

	Senior Managers	Middle Managers	Program Managers
Staff play a role	7	3	7
Government is involved	3	1	4
Other Senior Managers are involved	2	2	3
The President decides	3	1	2
The Board/Council makes the decisions	-1 Ø	1	4
The President is involved	2	0	0
Alumni are involved	2	0	0
The Party Secretary is involved	0	1	0

Ø one president asserted strongly that the Board did not make decisions.

Figure 8.1

For further breakdowns, by university, see Tables 4.13, 4.15, 4.17, Appendix Four.

It is possible to conclude from the data underpinning table 8.1 that there are three different approaches to strategy development in the universities included in the survey.

8.2.1 The President Decides

The detailed description of the interview data by university in Appendix Three seems to indicate that at three of the universities the President decides on strategy and while there is some consultation it does not detract from the view of the senior manager concerned that he determines strategy. Indeed at Lotus Flower University the senior manager made it very clear that the Board was not involved in the strategy development process.

The Board does not make decisions about strategy. No plan is presented to the Board and there is no need to ask their permission.

Senior Manager

Lotus Flower University

The President of Magnolia Flower University has determined that the strategy will be to develop programs that other universities do not have.

Senior Manager

Magnolia Flower University

Little effort was required to convince colleagues and Faculty members of the value of the President's strategy.

Senior Manager

Serene Orchid University

The three senior managers in this group have personal histories of significant achievements particularly involving international activities and the researcher was told that their *guanxi* network included senior government officials. This could mean that while they were required to consult with the Party Committee they were confident that their views would be accepted. This is very much in line with the concepts of Confucianism where seniority is emphasised and decision making is strictly top down (Seligman 1999). An example of how more junior managers feel about this hierarchical decision making is captured in the following quote.

... at first strategy is decided outside the university. The city has invested substantial funds in Gingko Tree University thus there is an expectation that the university will contribute something back to the city ... Then there are the dreams in the head of the ... President that in 20 years time Gingko Tree University will be on the same level as Harvard.

Thus he has a five year plan in his mind. He will decide which areas should be the key areas for resources to be allocated to ... The problem is the next President will have a different dream.

Program Manager

Gingko Tree University

8.2.2 Strategy is developed via Consultation with Stakeholders

The second approach that emerges from the data seems to start and finish with the President and possibly/probably the Party Secretary. This process seems to involve input from and possibly consultation with the alumni, government officials and staff. It is not clear whether the input is collected as part of a sham exercise in consultation or whether it is a genuine effort to gather input. In terms of Chinese culture it would be considered as a Taoist approach to finding the way that is for all parties to co-operate to seek a consensus (Graham and Lam 2003).

Usually the President and the Party Secretary will have ideas to discuss with the senior university staff. This is a dynamic process with the five year plan reviewed each year.

The alumni are also invited to give good ideas as well as Government officials.... This is part of the process of getting financial support from the Government.

Senior Manager

Gingko Tree University

The union and the Youth League and the Women's' Association also play a role in the process of preparing a brochure for publication. The brochure is discussed at a consultation forum and workshop. The final outcome is brochures which spell out the short and long term aims, priorities of the university and the standards of assessment used by the Central Government.

Senior Manager

Gingko Tree University

8.2.3 Strategy is developed via Consultation with Staff

The third approach involves consultation with staff motivated by the idea that the staff should be involved because they have to implement the plan. This approach is in line with the precepts of Sun Tzu where one of the five precursors to taking action is ensuring that the people have the same aim as the leadership (Cleary 1988).

Staff are also involved – they have to carry out the plan.

Senior Manager

Gingko Tree University

The process involves establishing a special committee to develop a draft of a plan for presentation to the leaders of the university to discuss. It is a consultative process. ... Feedback is given to the leaders via a big meeting attended by all the leaders of the university.

Senior Manager

Magnolia Flower University

Whereas the senior manager at Peony Flower University made no comments on strategy development the middle manager made more comments than the other two respondents. A comparison of the responses from Gingko Tree University shows that the middle manager only mentioned the role of staff and the government.

Most middle managers offered no comments on the strategy development process although they were all asked direct questions on this topic. Reasons for this could include a lack of understanding of the question although a cue card was used in both Chinese and English to explain the concept, unwillingness to answer the question, or concerns about exposing the inner workings of their university. Responses were made by middle managers from Tiger Lily, Peony Flower and Gingko Tree University. This background makes the comments of those managers who did respond particularly interesting. The middle manager at Tiger Lily University felt that the consultation process was a façade for what was in reality a top down approach to strategy development.

Each university tries to increase research, the numbers of students and graduates ... The University's planning cycle is the same as the local and central government ... In development of the strategy comments are invited from the management staff but ignored.

Middle Manager

Tiger Lily University

In contrast the following comment suggests a genuinely iterative approach via consultation with stakeholders.

There are meetings to discuss the five and ten year plan at School level which comment on the general proposal from the senior management. These are reviewed by the President and the Party Committee and a revised plan is presented. The Schools then make a specific detailed annual plan.

Middle Manager

Peony Flower University

Also at Gingko Tree University there seemed to be a consultative approach with the school leaders initiating the planning process using a framework prescribed by the senior management.

Each of the school leaders develops a plan based on a SWOT analysis of how to develop the School to close the gaps between their Schools and similar schools in other universities in China and overseas. This includes what kinds of measures are required to match the competition. The focus is on how to improve the current strengths. The university collects all these proposals and then combines them to develop a university strategy. The local government will examine the plan using a panel of experts to see if it is workable. If it's approved it will be finalised and become the university strategy ...

The plan is not public. The government will have a copy and senior staff in the university will also have a copy.

There is an annual review – a representative meeting with staff where the previous year is reviewed and discussion takes place about what we are going to do at School and University level. Representatives from the School attend this meeting.

Middle Manager

Gingko Tree University

In contrast to the senior and middle managers, all program managers made comments on the process of strategy development with most comments made by the program manager at Peony Flower University. Program managers mentioned the input of staff most frequently, followed by the Board and the Government into the development of detailed plans.

... once per year, in the summer vacation, managers will meet with the Board. The event is organised by the President. It will discuss issues of strategy ...

This is the only formal public meeting ... it is an important way of getting feedback from the collective.

Program Manager

Serene Orchid University

Academic staff may make suggestions about research areas and how to bring good reputation for the university. They participate in business and conferences on the development of university strategy.

Input is sought from every department. The university authorities set the goals. These are then reflected in department and individual plans.

Program Manager

Peony Flower University

There is consultation with the teaching staff in the provision of a draft plan for which written comments are provided to the President. The Board might change the plan according to the suggestions.

The President submits the plan to an annual meeting of the Teaching Staff General Meeting which involves representatives of the teachers' deputies. ...

The President presents the five year plan for Lotus Flower University and seeks approval from the deputies.

Program Manager

Lotus Flower University

These comments suggest a strong belief that the teaching staff play an important role in the process of strategy development. The importance of the role may be indicated by the words used such as "the only formal public meeting", "may make suggestions", "input is sought", and "consultation". These terms do not suggest a powerful influence on decision making. Rather they suggest an ideas generation and consultative role.

Perhaps the truth about the nature of the consultation process with the teaching staff is reflected in the following comments.

I have no role. Strategy development is done from the top down. Although there is a teachers' congress or trade union which includes people from different backgrounds consultation with this organisation is more symbolic than substantial.

Program Manager

Tiger Lily University

I believe the plan is decided by the top leaders, from the top down. The consultation – there is quite a lot of discussion of the plan – is for show. We have to support the President's dream.

Program Manager

Ginkgo Tree University

As noted in the introduction to Chapter Five the role of the Board or Party Committee is very important in decision making in universities. Figure 8.1 shows that senior managers either did not mention the Board at all or said it had no influence (which may be true if the university is privately financed) whereas four of the six program managers felt the Board made the decisions.

Magnolia Flower University has an Executive Committee that develops the strategy. Locals have some influence but not as much as they would like. There is an annual planning cycle with a meeting in October to comment on the Executive Committee Plan.

Program Manager

Magnolia Flower University

The Board is responsible for strategy. It has 20 members including ... famous professors and business people, Government people and people of high social rank. They make the crucial decisions about University development ... The University has a five year strategy which is reviewed annually and moved forward one year.

Program Manager

Lotus Flower University

The differences in viewpoints between senior and program managers are noteworthy. For example senior managers at Peony Flower University and Lotus Flower University did not mention staff at all, whereas program managers at these universities felt staff played a significant role in developing strategy. The role of the Board was not mentioned at all by five of the senior managers and negatively by the senior manager at Lotus Flower University, whereas four of the program managers felt that the Board played a key role.

In contrast to the senior managers at Serene Orchid, Magnolia Flower and Lotus Flower Universities who felt that the President decided strategy, the program managers at these universities felt that the Board decided strategy. Whereas the senior managers at Tiger Lily and Gingko Tree Universities did not mention the President, the program managers at those universities felt that the President decided strategy.

These differences in perception cannot be explained using the data available. It is possible that each interviewee, in presenting their perception of reality, is telling the researcher the official line or the truth as they experience it.

The lack of references to the Party Secretary is noteworthy, given that the researcher had been told in informal settings, that Party Secretaries must give final approval to all decisions including strategies and the role of the Party Committee as described in Chapter Five. It could be that the Party Secretaries are able to choose the degree of involvement that they will have in the process by which plans are developed. One piece of information that may support this contention is the advice given to the researcher about the uncertainty created when a new Party Secretary was appointed to one of the universities in the study.

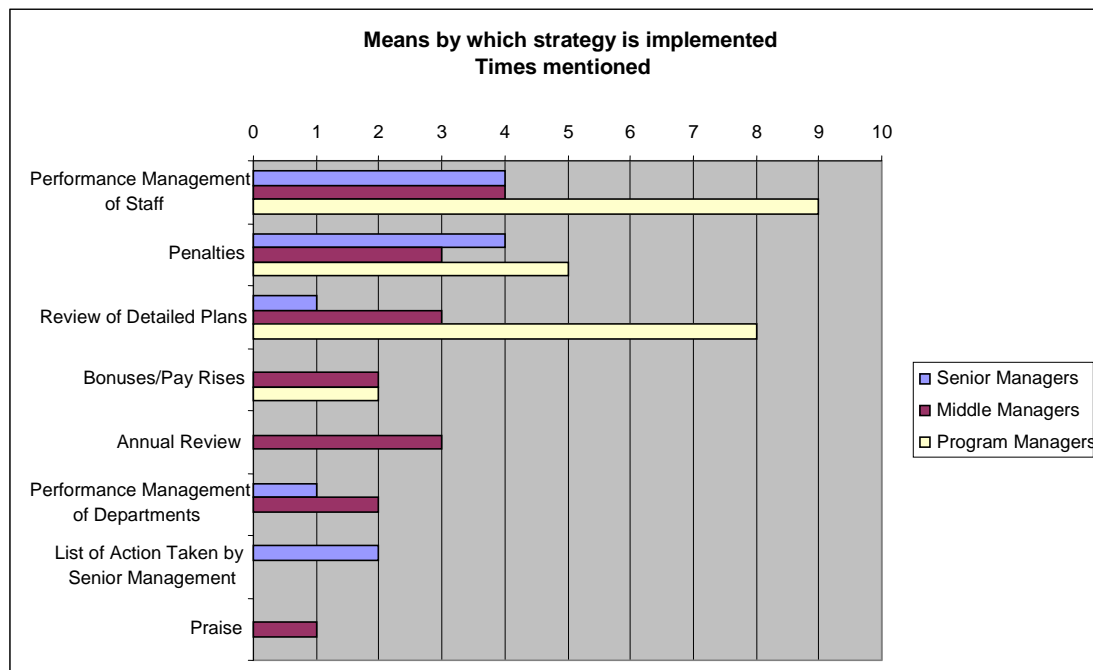
8.3 The Means by which Strategies are Implemented

Apart from the senior managers who felt that the President decided and implemented strategy, the other managers in the survey perceived that performance management of staff was the key means by which strategy was implemented.

Table 8.2

Means by which strategy is implemented
Times mentioned

	Senior Managers	Middle Managers	Program Managers
Performance Management of Staff	4	4	9
Penalties	4	3	5
Review of Detailed Plans	1	3	8
Bonuses/Pay Rises	0	2	2
Annual Review	0	3	0
Performance Management of Departments	1	2	0
List of Action Taken by Senior Management	2	0	0
Praise	0	1	0

Figure 8.2

For further breakdowns, by university, see Tables 4.14, 4.16, 4.18, Appendix Four.

The senior managers at Serene Orchid University and Lotus Flower University, who both clearly indicated that the President decides strategy, when asked about strategy implementation simply gave a list of the actions that they had taken. This can be interpreted as meaning that they believed that strategy was implemented by their actions alone. The other four senior managers referred most frequently to performance management and to penalties when describing the process of strategy implementation.

8.3.1 Performance Management

The approach used for strategy implementation seems to involve a cycle of planning, implementation, review, reward or penalty, planning and so on through the cycle. The following quote includes most elements of the cycle of planning, resourcing, measuring performance, evaluating performance, and in this case, penalties.

Magnolia Flower University has invested heavily – the staff and facilities for this program ... In the past two years most people have accepted this strategy. Curriculum is designed for this purpose. ... Professional development is designed for this purpose.

Implementation is via performance management...

This performance is evaluated and discussed each year. If they do not meet the requirement they can be dismissed.

Senior Manager

Magnolia Flower University

8.3.1.1 At Department Level

The senior manager at Tiger Lily University mentioned performance management at Department level. He describes the process of evaluation and problem solving with the ultimate penalty of “changing the people that work there”.

The plan includes many objectives, for example the exact enrolment number, expenses and revenue. At the end of the year all plans are checked to see if they have been implemented.

If not implemented we investigate to find out a reason, for example, if there is a problem with a research centre then we should make some investigation. There might be problems with the facilities and equipment or maybe there are not enough staff. Thus the university will try to improve the situation. If there are on-going problems in financial, training or administrative departments whereby they cannot meet their targets then we must think about changing the people that work there.

Senior Manager

Tiger Lily University

Middle managers at Serene Orchid University and Magnolia Flower University made no comments on the process of strategy implementation with most comments coming from Gingko Tree University, Peony Flower University and Tiger Lily University.

At Tiger Lily University the middle manager felt pressure from above and below. His views on his ability to dismiss staff are at variance with the comments of some of the other interviewees.

Faculties and departments have an annual plan including how many students, teachers, classrooms and budgets.

Each semester there is a summary meeting of people to review what has been done.

At the end of each year the university sends groups to examine the performance of units. They interview the staff who will make comments on Middle Manager's performance ...

In regard to staff performance, in the west, managers would have better ways to control staff. In China it is very hard to dismiss staff who do not perform. If there is a problem he can criticise staff but in the end he will have to reach a compromise ...

In regard to a manager's performance if there are lots of complaints about a manager he can be changed. Penalties might include being shifted to another job or losing a title. This does not happen often ...

Middle Manager

Tiger Lily University

At Peony Flower University and Gingko Tree University detailed plans with annual reviews provide the means by which strategy is implemented.

Implementation is done via plans at School, Department and individual level. The individual plan might include courses, research, number of publications, number of students to be advised, lectures and consulting work.

There is an annual review. All new staff start on one year contracts ...

Middle Manager

Peony Flower University

Managers have annual plans which are approved by the Centre. Criteria include number of PhD students, number of Masters students, how many international conferences, co-operation with foreign universities, increase in teaching quality and staff quality. There is a very detailed performance plan.

Program Manager

Gingko Tree University

8.3.1.2 At Individual Level

The following quotes suggest the power relationship between senior managers and the academic staff as perceived by the senior managers. It suggests that the regime of performance management is strict.

We advise the staff about what we are going to do. Each year the staff in the unit have to give a report on what they have done for the academic year. The report is important in determining the bonus and pay scale for the following year. ... If they do not give the required performance there may be problems.

Senior Manager

Gingko Tree University

(At this point the senior manager became very animated.) All positions are evaluated according to the needs of the university. In order to be promoted you must achieve specific goals e.g. publication of papers.

Senior Manager

Peony Flower University

However the views of the senior manager at Serene Orchid University are very much in contrast to the previous quotes. This may reflect a different supply demand situation for teachers facing this university compared to Gingko Tree and Peony Flower universities.

I can't fire them but they can comment on my performance so I am afraid of them.

Senior Manager

Serene Orchid University

For middle managers performance management of staff was the most frequently mentioned means of strategy implementation. Performance management included planning and praise as well as penalties.

Not everyone will take action to implement the plan. The managers will specify the requirements of staff and check it. They encourage the staff to take part and praise those who have done well.

Experienced teachers observe classes.

If performance is good positive feedback is sometimes given in public. If not good the person is consulted individually. Staff are on five year contracts in theory ... however it is rare for people not to have their contracts renewed.

There is verbal praise. Also at the end of the year they give bonuses or honourable titles.

Every year staff get a small pay rise (2-3%). Model staff get an extra bonus.

Middle Manager

Gingko Tree University

Rewards for good performance include not a bonus but there may be an increase in compensation.

Middle Manager

Lotus Flower University

Today the President announced that from 2003 all staff have to write one paper per year at least. The penalty for non-compliance for performance on three year contracts is that they may not have their contract renewed.

Middle Manager

Gingko Tree University

If they do not meet a satisfactory standard then there is an investigation. If the investigator is not satisfied the teacher is sacked.

Middle Manager

Lotus Flower University

For program managers staff performance management was the most frequently mentioned method of strategy implementation followed by plans and reviews and penalties. This is an understandable consequence of the focus of program managers on achieving outcomes set in the university and department plans. Also program managers have the pressure of audits from the national and local government aimed at raising the quality standards of universities.

Since 1995 all universities have had to establish a quality standard system. Now there is an attempt to standardize the system across all universities.

Program Manager

Serene Orchid University

At both departmental and individual level there is a system of annual performance reviews.

There is an annual review at each level. If the plan is not achieved there will be an investigation by the university authorities to provide a report to them. Then there may be some changes in the Department.

Program Manager

Tiger Lily University

Performance assessment includes ... students complete an assessment sheet – a personal profile for each teacher ... This assessment is carried out twice per semester ...

Program Manager

Serene Orchid University

There is an annual review process. Teachers have to write a report summarising what they have done in the past year and their future expectations. Their performance is evaluated by the Faculty and the Personnel Department of the University.

Program Manager

Tiger Lily University

There is a points system for academic staff. They must meet teaching hours and research requirements. For example total points for a professor are 35 including research points of 20 at least ... the bonus pool is what ever is available and is divided up according to the points acquired by individuals.

Program Manager

Gingko Tree University

Outcomes from these reviews can include bonuses for good performance or demotion for unsatisfactory performance. Staff who have been employed in recent years may be terminated.

Professors get three year terms. Over the three years they need to accumulate a total of three times thirty five points. If they do not they will lose their title and their position however they will retain ongoing employment with the university.

Program Manager

Gingko Tree University

Assessment from students is also considered for the bonus. All staff are on three year contracts since 2002. If a person fails to meet the performance criteria they are still an employee of the university but they lose their title and can still teach. They can return to a higher position if they do a good job. However for the new employees if they do not measure up after three years they can be unemployed.

Program Manager

Gingko Tree University

However the termination of staff may be complicated because of their personal connections or *guanxi* network or they may threaten to take action which damages the face of the manager.

One teacher was threatened with the sack. The teacher threatened back an act like suicide. This deterred the people making the decision.

Program Manager

Tiger Lily University

8.4 Conclusion

Strategy Development

- Academic staff appear to play a significant role in the development of strategy both through formal meetings and in the development of detailed plans.
- There seem to be three broad approaches to strategy development.
 - At some universities the President determines strategy in a top down process. This approach seems to depend on/derive from the President's *guanxi* network.
 - At other universities there is an interactive process with ideas from the top being tested with stakeholders such as alumni, government officials and staff. It is not clear if the consultation process is genuine or a sham.
 - A third approach involves consultation with staff motivated by the idea that the staff should be involved because they have the capacity and responsibility to implement the plan.
- There was a significant difference of opinion between the senior managers and other levels of management about the process of strategy development. For example five of the six senior managers did not mention the University Board at all, whereas four of the program managers felt that the Board played a key role. One interpretation is that the senior managers have a different view to the program managers of the decision making power of the Board.

Another possible interpretation is that the Party Committee/Board makes the final decision but that for various reasons the senior and middle managers did not want to disclose the inner workings of their universities to the researcher. Another interpretation could be that at some universities the President enjoyed an unusual amount of personal power or had a very close relationship with the Party Secretary.

Strategy Implementation

Strategy implementation seems to depend primarily on performance management at organisational unit and individual level based on detailed planning and review. Penalties for failure to reach objectives can include demotion and termination whereas rewards can include bonuses or pay rises.

- Strategy implementation involves detailed planning down to the level of individual work plans at some universities.
- These plans are subject to review at least on an annual basis.
- There are penalties and rewards for performance outcomes.
- Some older staff are permanent employees of the university but new staff are usually on fixed term contracts. The older permanent employees are usually occupying their current positions on fixed term contracts.
- Enforcement of penalties through non-renewal of contracts is problematic given the lack of suitably qualified and experienced staff and cultural issues such as *guanxi* and *mianzi*.
- There seemed to be some variability in the rigour of the performance management regime in part reflecting the nature of the university, for example a private university seemed able to be more ruthless in its system than universities receiving public funds.

Chapter Nine

Foreign Joint Ventures in Education in China

9.1 Introduction

Zhang (2003) notes that one school of opinion within the Communist Party of China is that education should drive modernisation by identifying and preparing intellectual and skilled elites who will serve as the agents of modernisation. This approach requires an emphasis on higher education and the import of foreign education resources which are regarded as critical to the modernisation process. According to Zhang (2003 p.49) the rationales for promoting foreign involvement in education in China are primarily economic, being focussed on “improving the quality of human resources, upgrading China’s educational system, meeting national educational demand, preventing brain drain and attracting foreign capital into education”. Transnational education is seen as a solution to the shortage of highly skilled and creative workers by enabling the selective introduction of desired subject areas.

This chapter provides an analysis of the responses of the interviewees to questions about their view of the goals and objectives of foreign joint ventures in education and the lessons they had learned as a result of their experiences in dealing with foreigners.

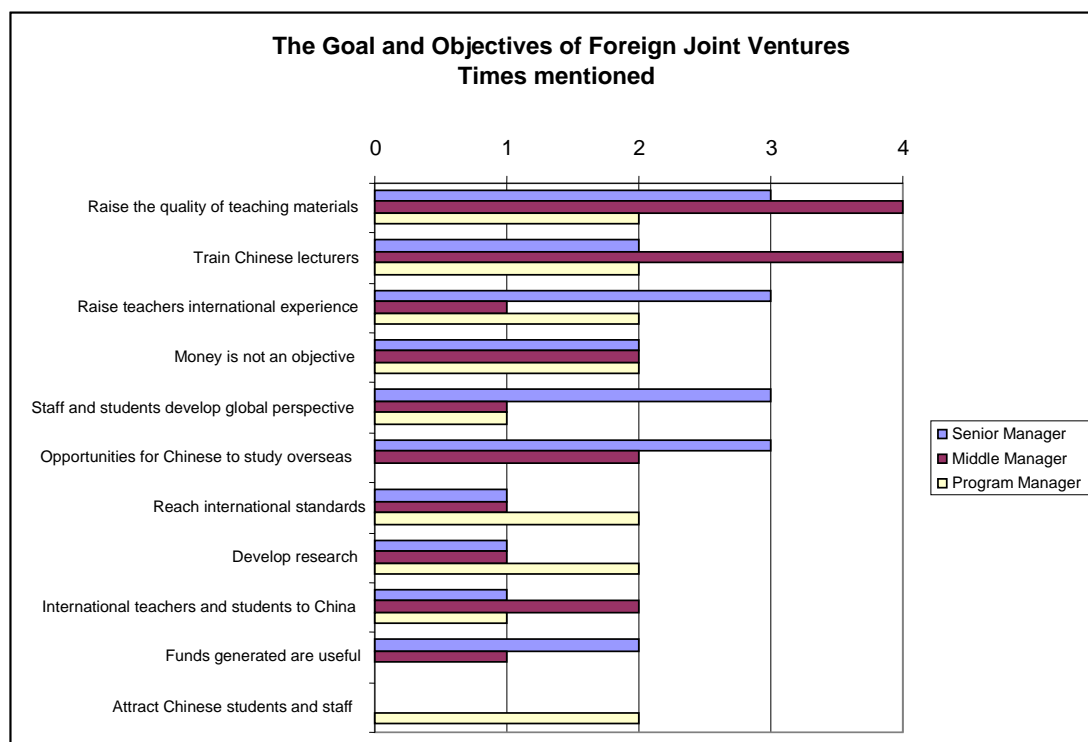
9.2 The Goals and Objectives of Foreign Joint Ventures

Table 9.1

The goals and objectives of foreign joint ventures
Times Mentioned

	Senior Manager	Middle Manager	Program Manager
Raise the quality of teaching materials	3	4	2
Train Chinese lecturers	2	4	2
Raise teachers' international experience	3	1	2
Money is not an objective	2	2	2
Staff and students develop global perspective	3	1	1
Opportunities for Chinese to study overseas	3	2	0
Reach international standards	1	1	2
Develop research	1	1	2
International teachers and students to China	1	2	1
Funds generated are useful	2	1	0
Attract Chinese students and staff	0	0	2

Figure 9.1



For further breakdowns, by university, see Tables A4.19, A4.21, A4.23, Appendix Four.

An examination of the pattern of results in table 4.19, 4.21 and 4.23 in Appendix Four shows that the senior managers of Serene Orchid University and Magnolia Flower University, and to a lesser extent Peony Flower University, had well formed views about the goals and objectives of foreign joint education ventures in China in comparison to most of the other senior managers. Thus their views are strongly represented. A similar pattern of responses applies for the middle managers. Among program managers, Serene Orchid University and Peony Flower dominated the responses. These patterns of responses reflect either the experience of the individuals in international settings or the involvement of their institution in foreign joint ventures in education.

Table 9.2**Pattern of Responses by University**

	Serene Orchid University	Tiger Lily University	Peony Flower University	Gingko Tree University	Magnolia Flower University	Lotus Flower University
Senior Managers	9	0	4	1	7	0
Middle Managers	8	2	4	0	5	0
Program Managers	6	0	5	1	1	1
Total	22	1	13	2	12	0

For further breakdowns, by university, see Tables A4.19, A4.21, A4.23, Appendix Four.

The period 2003-2005 represented the beginning of a new phase for foreign joint ventures in education in China. A new set of laws and regulations for foreign joint ventures in education was introduced in 2003 for implementation in 2005 (Sun 2004).

The Central Government has encouraged co-operation with foreigners to gain access to educational resources of excellent quality. The new regulations are designed to encourage more of this activity if it is of high quality.

Middle Manager

Serene Orchid University

These laws and regulations appear to be aimed at ensuring that the Chinese national government has final approval of all foreign programs operating in China (Ministry of Education 2003). This was not the case prior to 2005 with Provincial Governments and other national ministries approving education projects without reference to the National Ministry of Education. In order to ensure compliance with the approval requirements and to assure the quality of the programs, all foreign joint ventures in education were made subject to audit by authorities reporting to the Chinese Government. One of the motivations for this approach was to provide some consumer protection to students and their families for the investment they are making in education provided by foreign joint ventures.

In all international programs there is a need to consider national policy. For example last month officials from the State Council and the National Ministry of Education visited Tiger Lily University with a draft of the regulations covering international education... On the one hand the current approach to international education is continuing. On the other hand the document refers frequently to "educational sovereignty".

Program Manager

Tiger Lily University

Another motivation was to raise the standards of such joint ventures with a view to attracting international students from markets such as the children of expatriates resident in China, from less developed countries and from students from developed countries seeking specific educational experiences which align with their chosen career path. For example a non-Chinese student interested in international business in the twenty first century would be likely to want a Chinese experience as part of their career preparation.

The senior managers who responded to this topic were clearly mindful of the goals of providing opportunities for Chinese to study offshore; for students and staff to develop a global perspective, for teachers to increase their international experience and to improve the quality of the teaching materials.

One of the important perceived benefits of foreign joint ventures was the ability to leap frog over much of the development phase in international education by using the materials and approaches developed by foreigners.

Goals ... include further improve the curriculum and reform of courses to move closer to international standards, offer the opportunity of offshore study to top students who are not rich enough to study abroad ... students can develop a global perspective... Starting joint venture programs with foreign universities to train teachers, improve the quality of textbooks ... This meant that Serene Orchid University could take advantage of the rich experience of the west without having to go through the process of discovering and development itself.

Senior Manager

Serene Orchid University

The goals for the Chinese in these ventures are to import excellent teaching resources from offshore universities – curriculum, teachers ... learning materials, new ideas ... - to facilitate the reform of education and teaching and learning and innovation in China ..., to attract international students ...

Foreign students change the cultural environment of universities.

Senior Manager

Magnolia Flower University

Expectations of foreign partners were that they would assist the Chinese universities to reach their goals and become active partners in managing the joint enterprise.

Requirements from partners were training of Serene Orchid University teachers, help Serene Orchid University provide textbooks and provide new teaching materials, take part in teaching management and quality overview.

Senior Manager

Serene Orchid University

It is interesting to note the comments regarding the funds generated by foreign joint ventures which are usually based on providing service for a fee. While the view was

expressed that making money was not the primary objective of foreign joint ventures, it was also noted that the funds generated were useful.

Money and profits were not the objective.

Senior Manager

Serene Orchid University

Benefits of foreign joint ventures include the opportunity to develop the level of academic research and teaching and better understanding between counterparts ...

It is not for money.

Senior Manager

Peony Flower University

You cannot focus on profit in joint ventures.

Middle Manager

Serene Orchid University

It is not to gain more money

Middle Manager

Magnolia Flower University

If you have a foreign project it may generate some funds thus the university has funds released for other purposes.

Senior Manager

Gingko Tree University

Fees from international students are useful.

Senior Manager

Magnolia flower University

Serene Orchid University has used the funds generated from joint ventures to upgrade teacher training and to provide better equipment and learning materials.

Middle Manager

Serene Orchid University

Figure 9.1 illustrates that the middle managers who responded, echoed the themes raised by the senior managers, but whereas senior managers focused on the development of global perspectives via international experience, middle managers tended to put more stress on improving the quality of the learning experience for students through the benefits from training for Chinese teachers and improving the quality of teaching materials and attracting international students and teachers to China.

For Magnolia Flower University the purpose of co-operation is to import overseas education ideas and teaching, gather new teaching materials and improve the quality of the teaching staff, to provide the students with a better study environment.

Middle Manager

Magnolia Flower University

Program managers did not mention the topic of money, possibly because they were not involved in the revenue collection, budgeting and expenditure aspects of the activity, rather being focused on the interface with students. Responses from the program manager at Serene Orchid University referred to the impact foreign joint ventures might have on internationalising the learning experience of teachers and students. The goals of internationalisation are made explicit in the following quotations:

The Serene Orchid University model is different to others in that it is focussed on developing the Serene Orchid University teachers' skills. If there are only foreign faces the program is not meeting the objectives. The aim is to have Serene Orchid University teachers able to speak in both English and Chinese... One day the percentage of staff with international experience will be bigger than other universities. There will be a focus on communication and joint textbooks, joint papers and joint seminars. One objective is to overcome the teachers' fear of speaking in English in public and publishing papers in English. Then Serene Orchid will have grown up internationally.

Program Manager

Serene Orchid University

A new category emerged in the form of the positive impact of international relationships on the ability of Chinese universities to attract Chinese students and academic staff. This may become increasingly important as the operating environment for universities becomes more competitive and as the number of students graduating from high schools in China begins to decline.

It is important in attracting students to have international relationships. It is also helpful in recruiting staff.

Program Manager

Peony Flower University

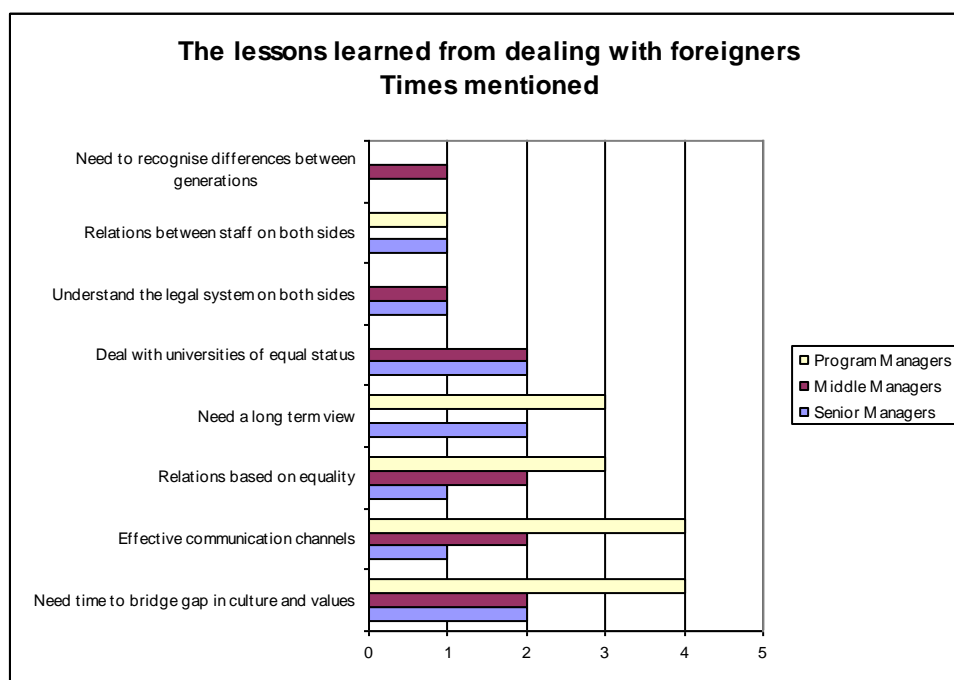
9.3 The lessons learned from dealing with foreigners

Table 9.3

The lessons learned from dealing with foreigners

Times mentioned

	Senior Managers	Middle Managers	Program Managers
Need time to bridge gap in culture and values	2	2	4
Effective communication channels	1	2	4
Relations based on equality	1	2	3
Need a long term view	2	0	3
Deal with universities of equal status	2	2	0
Understand the legal system on both sides	1	1	0
Relations between staff on both sides	1	0	1
Need to recognise differences between generations	0	1	0

Figure 9.2

For further breakdowns, by university, see Tables A4.22, A4.24, A4.26, Appendix Four.

An examination of tables 4.20, 4.22 and 4.24 in Appendix Four shows that the views of the managers at Serene Orchid University tend to dominate the overall set of results. However there were no major differences between the views of the Serene Orchid University managers and the views expressed by managers at the other universities.

The pattern of responses probably highlights the degree of reflection undertaken by the individuals and institutions on their experiences in dealing with foreigners. It can be seen that the program manager at Serene Orchid University provided the most responses, more than each of the other universities.

Table 9.4

Pattern of responses by university

	Serene Orchid University	Tiger Lily University	Peony Flower University	Ginkgo Tree University	Magnolia Flower University	Lotus Flower University
Senior Manager	4	1	2	2	0	1
Middle Manager	2	1	0	4	3	0
Program Manager	9	2	0	0	2	2
Total	15	4	2	5	5	3

For further breakdowns, by university, see Tables A4.20, A4.22, A4.24, Appendix Four.

Most senior managers would have had very little direct experience in dealing with joint foreign ventures in education, but most would have relationships with senior managers who had had some experience such as in resolving difficulties and maintaining relationships with foreigners. The most mentioned lessons for senior managers were the need for time to bridge cultural differences and the need to deal with universities of equal status.

Each country has a different culture and background and different advantages and disadvantages. You need to learn about the advantages of the nation.

Senior Manager

Tiger Lily University

You have to select universities of equal status ... There is an old Chinese saying – “Be cautious in making friends”.

Senior Manager

Peony Flower University

These views clearly reflect a Confucian approach whereby people relate to each other not only as individuals but also according to their rank.

Middle managers' responses followed similar patterns to those of senior managers however they laid more stress on the need for effective communication channels and for relationships with foreigners to be based on equality. They also stressed the importance of mutual understanding via effective communication and an understanding of the local context. This can be interpreted as expressing the need to develop a *guanxi* relationship and the importance of the intermediary or *zhongjian ren* to provide a channel of communication.

The interests of both sides must be considered to create a win/win concept. The foreigner needs to know about Chinese regulations and practice. Channels of contact to local people are very important.

Middle Manager

Gingko Tree University

One middle manager introduced a separate category in the area of cultural differences in that attitudes to the west are different between different generations of Chinese people.

Cultural differences are not so important now because of Chinese experience in studying and working abroad. Young people are more westernised and open. Older people are more traditional.

Middle Manager

Gingko Tree University

Most of the interviewees in the study grew up during the period of communist consolidation and thus would tend to be more traditional in their views than people under 40 years of age.

The views of the program manager at Serene Orchid University tended to dominate the views of this category of managers overall. Stress was laid on the need for a long term view, the time needed to bridge gaps in culture and values and the need for effective communication channels. This view is possibly derived from the concept of “the way” or “*the Tao*” and the concept of harmony of relationships being the ideal state of affairs.

The person in charge should be open minded and a good communicator. There is a need for a team from both sides to work together.

Program Manager

Serene Orchid University

To improve understanding and improve teamwork you need time for cultural communication. You can only develop mutual understanding by working at it. You have to understand business etiquette. For example formal and informal signals and channels of communication like Christmas cards and Spring Festival cards. Thus you enliven people’s lives and they become more familiar.

Program Manager

Serene Orchid University

Firm views were also expressed on the need for the relationship to be based on equality and the need for cross-cultural understanding.

Cross-cultural awareness is very important. Chinese can learn from others and vice versa. This is important if you want to do business here.

Program Manager

Tiger Lily University

The humiliation of China by Japan and the Western powers over the past two hundred years is an important factor in Chinese attitudes towards foreigners. The

innate assumption of superiority held by many foreigners underlies the following comments which stress the importance of equality in the relationship.

Build a bridge of understanding without feelings of superiority. Differences are only differences. There should be equal views between equals of equal status ... Most Asians think westerners look down on them.

Program Manager

Serene Orchid University

Learn to respect the Chinese. There is a mind set to look down on the Chinese. For example when a lift does not work some people will say "What else would you expect in China".

Program Manager

Tiger Lily University

9.4 Conclusions

Conclusions which can be drawn from the responses described above include the need for foreigners to take account of the goals and objectives of the Chinese government and universities in pursuing foreign joint ventures in education. These goals and objectives can be broadly summarised as:

- Improving the quality of the learning experience for Chinese university students by:
 - Producing better trained Chinese teachers by enabling them to have international experiences and to develop an understanding of foreign teaching practice;
 - Raising the quality of the teaching and learning materials; and
 - Introducing a global/international perspective to Chinese teachers and students and offering the opportunity to Chinese students to study offshore.
- Enhancing the competitive position of the university in the increasingly competitive Chinese market context by attracting foreigners for research and teaching, thus making it easier to attract Chinese students and teachers.

It is important to note the explicit rejection of profitability as a key motivation for participating in foreign joint ventures in education. While it was acknowledged that the funds raised from these ventures could be useful, this was in the context that the funds could be used to improve the quality of the student learning experience or to serve other university purposes. It is also important to note that encouragement of foreign joint ventures in education derives from one school of thought in the Communist Party of China which believes that education should drive modernisation. There are other schools of thought which stress the role of universities in the development of socialist citizens and which do not necessarily welcome foreign involvement in Chinese education. These views are described in Chapters One and Two.

According to the Chinese respondents key lessons which have been learned from dealing with foreigners include:

- The need for a long term view and the need for time to bridge the gaps in cultural understanding. This view assumes that it is possible to bridge the

gaps based on the Chinese cultural concepts of the *Tao* and the need to achieve harmony.

- The need for effective communication channels. In Chinese society hierarchy is very important, thus communication channels at all levels and at appropriate levels between partners are very important.
- The need for university partners to be of equal status. There is little prospect of success in co-operative ventures between universities of unequal status.
- The need for the relationship to be based on equality between the Chinese and the foreigner. Some projects have not succeeded as a result of a Chinese perception that foreigners operate from an underlying assumption that they occupy a superior position in their dealings with Chinese people.

Chapter Ten

Conclusions

10.1 Introduction

Chapter Ten summarises and discusses the findings of this study and draws attention to its limitations. Implications of the research and recommendations for further studies are also presented.

The study involved interviewing managers at three different levels in six Chinese universities to seek answers to the following questions:

- What is the process by which strategy development and implementation takes place in Chinese universities?
- How is the process applied in different types of universities?
- How can an understanding of strategy formation in Chinese universities assist in the development of joint ventures in China by foreign educational institutions?

The proposition investigated was that the major stakeholders in Chinese universities play a key role in the process of strategy formation. The outcomes of the survey supported this argument, however the degree of influence exerted by each group as measured by the number of times they were mentioned by managers, was different to that expected by the researcher and seemed to vary with different aspects of strategy formation. The process of strategy formation was not uniform, with three different types of approach being identified. Finally some of the learnings which have been derived from the project appear to be applicable to other joint ventures in education in China. Details are presented below.

10.2.1 The Purposes and Roles of Universities

All levels of management felt that universities should serve the economy and industry, although program managers mentioned the need to teach values more frequently. The question on values was a coded question about the role of the Communist Party of China (CPC). There are different views within the CPC about the role of universities. On the one hand they have been seen as a mechanism for Maoist political, social and economic modernisation in the period prior to 1978, and on the other hand as a mechanism for market, social, political and economic reform since 1978 (Turner and Acker 2002). These orientations reflect the dominant view within the CPC during these periods. While the study was being undertaken, references to “marketisation” disappeared from conversations with Chinese university

managers and references to the need to assist the less well off and to develop western China appeared. Themes which emerged from the responses of the managers about values included the effects of Confucianism, the role of the CPC within universities, the impacts of the one child policy, the inequality of living standards between different regions and the need for younger people to understand the social obligations of individuals. The elimination of the word marketisation from the vocabulary of university managers reflects the priorities of the fourth generation of leaders which took over the reins of power in 2004.

Apart from developing values, universities were also seen as having responsibilities to economic development, to serve practical purposes and teach useful knowledge, to serve the community, and assist social development, to help students to find employment, and to have high standards in academic and research activities.

10.2.2 The Key Stakeholders

The researcher had expected that national and local governments would emerge as the priority stakeholders. However, in terms of times mentioned, the teaching staff were the priority stakeholders for all levels of management. This probably reflected the relative scarcity of suitably qualified and experienced teaching staff available to assist universities in implementing their strategies. Other key stakeholders in order of priority were national and local government, students and parents and enterprises.

10.2.3 The Goals and Interests of Stakeholders

In order to pursue strategy formation, Chinese university managers have to balance the claims of stakeholders in an ongoing process of negotiation and compromise where the outcomes depend to a large degree on the bargaining power of each stakeholder.

The priorities of teachers were seen as job security, increasing remuneration, improving teaching methods and attracting famous professors followed by gaining international experience and improving the quality of programs.

The managers in the study identified the priority goals and interests of governments as being economic and social development, increasing enrolments, reaching

international standards and improving the quality of programs. Given the priorities of the regime of President Hu, it is perhaps not surprising that senior managers also mentioned goals such as improving assistance to low income earners and the development of western China. The priorities of students and parents were perceived as being gaining employment, improving the quality of programs, gaining international experience, improving conditions for students and improving the ranking of the university. The goals of enterprises were seen as improving the quality of the workforce.

10.2.4 Methods by which Key Stakeholders Exert Influence

Since 1978 universities have been heavily influenced by the pressures for modernisation and internationalisation as a result of the policies of the State for economic reform and opening to the outside world. Universities have been required to expand enrolments and the pattern of programs and courses has been adjusted to encourage the development of new skills and talents to support economic reform. Various laws and policies have been implemented to promote the decentralisation of administration and management in higher education and decentralisation of sources of finance. However central and local governments have retained managerial oversight and policy regulation for universities (Wang C. 2000). Various measures have been introduced to provide students and their families with avenues to exercise choice and to voice their complaints, as a counterweight to the requirement that students must pay fees, even for government supported places in universities.

These trends are reflected in the views of the managers about how stakeholders exert influence. Teachers were seen as being able to exert influence through senior professors, academic boards, the teachers union and their contribution to university planning. The primary source of their influence was the apparent shortage of supply of suitably qualified and experienced teachers which was reflected in recruitment, conditions of employment and retention practices. National and local governments were seen as being able to exert influence through budget and financial controls, via policies and political support, profile planning and enrolments, auditing, reporting and by influencing strategic planning.

Students and parents were seen as being able to exert influence through their ability to choose which universities to attend, and through their responses to the values

embodied in the institution. These institutional values were expressed in areas such as avenues for the expression of student opinion, including opinions about the performance of teaching staff. Enterprises were seen to be able to exert influence primarily through the pattern of employment of graduates.

Some inferences were drawn about the saliency of each stakeholder group (Mitchell, Agle, Wood 1997). Governments were perceived to possess the highest degree of saliency for the managers in the study because they possessed all three attributes and categories of power, legitimacy and urgency. Students and teachers were also perceived as having high degrees of saliency. However some of the key attributes of students and teachers had been assigned to them by government action, for example the ability to exercise choice in the selection of which university to attend, and could be removed by government action. The high degree of saliency for teachers seemed to derive from the lack of suitably skilled teaching staff, and was counter balanced to some degree by the power of the managers, which was exerted through the system of planning and performance review combined with fixed term contracts of employment.

10.2.5 Strategy Development

Development and implementation of strategy is a key task for managers and a complex one, as the interests and bargaining power of many stakeholders have to be taken into account and the managers have to balance their own individual interests and the interests of their organisation against the interests of the stakeholders. The researcher had expected that the process of strategy formation would be similar across all the universities in the study. However the results of the survey produced some unexpected findings.

There were three different approaches to strategy formation that emerged from the data. At some universities the President developed strategy on a top down basis. The President might have been able to act in this way as a result of his personal standing and his *guanxi* network. At other universities it seemed there was a more interactive process with ideas from the top being tested with alumni, government officials and staff. It was not clear whether this interactive process was genuine or was carried out for the sake of appearances. The third approach involved consultation driven by the idea that the staff should be involved because they have

the capacity and responsibility to implement the plan. Another unexpected outcome was the perception by senior and program managers that staff played a significant role in the development of strategy, both through formal meetings and in the development of detailed plans in all three approaches to strategy formation.

There seemed to be significant differences of opinion between the senior managers and other levels of management about the process of strategy development. For example five of the six senior managers did not mention the Board of the University whereas four of the program managers felt the Board played a key role. One possible explanation of this disparity is that the Board usually consists of, or incorporates, the Party Committee. The role of the Party Committee was not a topic that most interviewees were willing to comment on, however it can be assumed that the Boards of Chinese Universities carry out of least some of the broad functions identified by DeWit and Meyer (1999) for Boards in western economies:

- Determining the purposes that the organisation will serve and setting priorities among stakeholder claimants.
- Contributing to the strategy process with the intention of improving future performance by:
 - Making judgements about strategic decisions brought forward by senior management;
 - Acting as a sounding board for top management; and
 - Using networks to secure the support of vital stakeholders.
- Ensuring that the entity is conforming to its stated mission and strategy and that its performance is satisfactory.

Given the role of the CPC in Chinese organisations and given the information provided by anonymous informants on the governance of universities, it is difficult to accept the view, implicit in the responses of the senior managers, that the Party Committee had no role to play in strategy formation. Should it ever become possible, research into the role of the President in Chinese universities and the interaction with the Party Committee in developing and implementing strategy could be very helpful in improving understandings by foreigners of how Chinese universities work in practice.

10.2.6 Strategy Implementation

Strategy implementation is the conversion of strategy into action. In Chinese universities the process seemed to involve detailed performance planning from university level down to the workplans of individuals. Government agencies assess the university's performance against its plans and university managers assess unit and individual performance against their plans. At the individual level performance is managed via a system of penalties and rewards with most staff employed since about 2002 moving to fixed term contracts.

Performance plans are subject to annual review. For new staff, penalties for failure to meet planned targets can include demotion or termination. Rewards can include bonuses or pay increases or other non-tangible benefits such as public praise. Older staff seemed to be more likely to be permanent employees of the university however their current positions may be on a fixed term basis and subject to review. New staff are usually on fixed term contracts. Most managers in government funded universities seemed to feel that applying the extreme penalty of non-renewal of contracts was problematic because of the relative scarcity of suitably qualified and experienced staff. Other possible reasons for difficulty in not renewing contracts included the personal connections of the people targeted for termination or the problem of face for the manager, if the targeted person carried out an act of self-harm such as suicide. In private universities it seemed that the performance management regime was more rigorous than in universities receiving government funding.

10.3 Discussion

10.3.1 The Context that Emerged from the Study

The major challenges arising in the conduct of the research project included the development of a qualitative research methodology that could be implemented with the key managers of Chinese universities, and which took account of the circumstances of Chinese universities as the regime of former President Jiang was replaced by the new regime of President Hu. Another major challenge was the need for a deep understanding of Chinese culture and the social and political environment of the managers in the study.

In 2002, at the beginning of the project, the future direction of Chinese universities seemed relatively clear, with the process of “marketisation” likely to continue with some modifications mainly arising from concerns about consumer protection and quality. However the transition to a new regime with differing priorities appeared to have introduced a degree of uncertainty for university managers, not only at an institutional level, but also at a personal level. During the course of the five years of the project, as the researcher’s understanding of the personal circumstances of the Chinese citizens involved in the study deepened, and his appreciation of the special role of universities in Chinese society and political life developed, the importance of maintaining the highest degree of confidentiality possible became more obvious. The researcher has heard many stories of the consequences for individuals and their families of the expression of views which are “controversial” or “unconventional”, or for managers who have reached high positions under one regime but have been perceived as not being suitable by the next regime, or people having difficulties because they have close relationships with foreigners. The role of the personal file or *dangan* for those employed in the State sector continues to have the potential to determine the future path of people’s careers, particularly when linked to the fixed term contractual based employment system being developed in Chinese universities.

Even though she is an Australian citizen she is in danger in China, or her family is.

Extract from Field Notes 7 November 2002

The almost complete absence of any mention of the CPC and the role of the Party Committee in the responses of the interviewees reinforced the researcher's determination to maintain confidentiality. A researcher who, unlike the author, had not been provided with the background context for the role of the Party Committee could carry out a similar project without understanding the role of the Party Committee and the significance of universities in China as perceived by the CPC. The researcher concluded that the reasons for the lack of comments about the CPC and the Party Committee might have included a lack of understanding by the interviewees of the questions being posed by the interviewer, a desire not to reveal the inner workings of the university or fears of being accused of revealing State secrets.

10.3.2 Contribution to the Literature

As Yang (2003) points out there is a need for empirical studies of the impact of globalisation and internationalization on universities particularly in developing countries. This thesis adds to the literature in this field by providing an insight into the lives of 18 managers at six universities in China in terms of the pressures they face, the stakeholders they have to deal with, how their institutions formulate strategy and their dealings with foreigners. Although it is not an in depth case study of a particular university, it does provide an indication of the perspectives of the managers of six universities located in three cities, of the impact of the changing environment on their lives. These changes included the introduction of a more market oriented approach under the third generation of leaders then a change in priorities as the fourth generation took power. Another major change was the introduction of a quality assurance regime in conjunction with devolution of responsibility for most universities from national to local authorities. One of the responses to these changes was the pursuit of more international relationships including the establishment of joint foreign ventures. There are few studies of such ventures. The case study describing the introduction of an MBA program is one of very few accounts of such foreign ventures and is possibly the only case study involving a major Chinese corporation. It provides some background which may prove useful for other universities seeking to conduct such activities in China.

This thesis adds to understandings of the special role of universities in China, of the roles of different stakeholders in Chinese universities in a more market oriented

environment and of the methods by which they pursue their goals and interests. There are few studies of Chinese institutions which use stakeholder theory as the framework for the investigation and none which focus on universities which are institutions with a high degree of political significance.

This thesis also will provide assistance to foreigners in understanding the role of the CPC in universities, both as a stakeholder and as part of the management structure, and how Presidents interact with the requirements of the dual management structure and the Party committee in their contribution to strategy formation. It describes three approaches to strategy formation that were derived from the responses of the interviewees and offers an explanation as to how these approaches can be implemented within similar formal organizational structures.

It should be noted that the interviewees were not asked to identify all stakeholders, only the key stakeholders from their perspective. Then they were asked a series of questions about these key stakeholders. While the researcher did not set out to test the theory of "stakeholder salience" developed by Mitchell, Agle and Wood (1997) some inferences were drawn from the data. Mitchell et al (1997) argued that the degree to which stakeholders can exert influence on decision making by managers depends on the managers' perceptions about the extent of three key stakeholder attributes – power, legitimacy and urgency. The outcome of the attempt to draw inferences is illustrated in Table 7.5. This table exhibits the key attributes of the four groups of stakeholders as perceived by the managers. It shows that governments possessed attributes in all categories and subcategories and that students, parents and teachers also possessed attributes in each of the three categories but not all subcategories. It also illustrates that the distribution of power is weighted towards the institutions of government which have the power to determine the future of the organization, whereas the power of students and teachers is derived from uncoordinated individual decisions. It seems that the approach developed by Mitchell, Agle and Wood (1997) provides a useful method for describing the relative distribution of power among the key stakeholders.

The outcomes of the research suggest that it is feasible to use stakeholder theory as a method for explaining the process of strategy development and implementation, certainly in the six universities in the research project. Such an approach may also

be useful for universities and other educational institutions seeking to establish relationships with Chinese partners, as a method of identifying the key stakeholders, and their relative importance in the decision making processes of the Chinese partner.

Most published studies of universities in China are focussed on the impacts of changing circumstances on university managers and do not refer to strategy formation. The methodology developed for this project could be used to investigate strategy formation in other universities and State owned enterprises in China, particularly where political sensitivities are high. If China continues down the path of market orientation for State owned enterprises strategy formation at the level of individual enterprises will become increasingly important in gaining success in the market place. Also this study was conducted during the transition from the regime of Jiang Zemin to the new regime of Hu Jintao. Very little research has been published on the impact of regime change on the lives of Chinese managers. The insights provided by this thesis may be useful for future researchers in the field of studies of Chinese enterprises.

10.3.3 Learnings for Foreign Joint Ventures in Education

The broad conclusion drawn from the responses of the managers was that foreigners need to take account of the complexity of the environment, including the goals and objectives of the Chinese national and local governments and universities in pursuing foreign joint ventures in education, and how these goals may be influenced by the prevailing views within the CPC. The goals and objectives of the stakeholders can be summarised as improving the quality of the learning experience of Chinese university students by enabling the teachers to develop an understanding of foreign teaching practices, by improving the quality of teaching and learning materials, by introducing a global perspective to Chinese teachers and students, and enhancing the competitive position of the Chinese university partner in the market place through the presence of foreign teachers and researchers. It should be noted that profitability was explicitly rejected as a key objective by some of the interviewees. Foreigners also need to take account of the contexts within which institutions and individuals have to operate which means that only disciplines which are politically non-threatening are likely to be welcomed.

For foreign joint ventures in education in China the lessons from this research include:

- The need to understand the cultural, social and, most importantly, the political context within which the managers of Chinese universities and other educational institutions have to operate;
- The need to understand how any proposed projects will facilitate the implementation of the strategy of the national and local governments for the region and/or industry where the investment is to take place;
- The need to take a long term view and for time to bridge the gaps in cultural understanding between the parties;
- The need for effective communication channels. In Chinese society hierarchy is very important thus communication channels at all appropriate levels between partners are very important;
- For universities, the need for partners to be of equal status. There is little prospect for successful co-operation between universities of unequal status unless the actual discipline where co-operation is to take place has a similar ranking;
- The relationships must be based on equality. Some projects have failed in China as a result of the feelings of innate superiority assumed by the foreigner.

In order to be able succeed in ventures in China, the foreigner will almost certainly require the assistance of an intermediary or *Zhongjian Ren* as both a communication channel and a coach and mentor.

10.3.4 Implications and Recommendations

This study provides a snapshot of the world of Chinese university managers and the processes by which they develop and implement strategy. It reveals their perceptions of the key stakeholders and their interests, and the methods by which they pursue their interests and also describes the processes which are used to develop and implement strategy. The study outlines the reasons why university managers pursue foreign education partners and provides some lessons for foreigners who seek to develop joint ventures in education in China, as well as some general lessons for foreigners seeking to do business in China.

China is likely to emerge as the dominant power in Asia over the next decade and to exert an increasing global influence over the next 20 years. An understanding of Chinese society and organisations is important for those who would seek to engage with China politically, socially, culturally and in business. Foreigners should understand that China is developing a Chinese form of modernity which, while it may involve the use of similar technology and may appear to be similar to the “western world”, is embedded in and shaped by, Chinese culture. As the influence of China grows on the world stage, the values and belief systems underlying Chinese modernity may represent a challenge to those of the west.

While many of the basic assumptions of western qualitative research were not able to be fulfilled because the researcher was dealing with people in senior positions, future researchers wishing to study the inner workings of Chinese universities may find the methodological devices and the approaches used in this research study to be a useful starting point for their own research. The methodological and cultural issues of conducting research in China might be of interest to others wishing to conduct research which involves senior officials and managers, particularly in State owned or controlled entities. The methodology of using stakeholder analysis could be applied to any organisational setting to gain a view of the process of strategy formation and development. One test of reliability would be to revisit the positions and the institutions involved in the study over a long period of time.

10.4 Limitations of the Study

This study involved interviewing managers at three levels in six universities in three cities in China. There are over one thousand institutions of higher education in China, thus the results of eighteen interviewees at six universities cannot in any way be regarded as providing a comprehensive overview of the process of strategy formation in Chinese universities. Rather the results should be regarded as a snapshot of the private and public worlds of the particular managers of the six universities at the time of the study. Interviews with other managers may have produced different perspectives.

It is unlikely that the study could be replicated in the sense that given the rapid pace of development in China, the set of circumstances prevailing at the time of the

interviews will have changed and many of the interviewees moved to new positions or to different institutions by the time the research is published. However one test of reliability that could be conducted, would be to revisit the positions and institutions over time to conduct interviews that cover the same topics as those explored in this study, however the attitude of the Hu regime towards communication with foreigners could make follow up studies problematic. The social status of the researcher meant that there was rough equality between the researcher and the interviewees which is not always the case in qualitative research and may not be replicable. Also the researcher's background as a teacher, negotiator and trouble shooter in China enabled a smooth entry into the role of "honorary insider" which is not always the case in qualitative research and also may not be replicable. The western notion of the objective researcher was not applicable in this case because of the need for the researcher to become part of a *guanxi* network.

Most of the assumptions about how the research would be conducted did not prove to be accurate. Many of the interviews were conducted in English. Many of the interviewees were not alone. Not one interviewee agreed to having the interview tape recorded. Thus the records which provided the data that forms the basis of this thesis are the recorded recollections of the researcher, based on notes taken during the interviews. This record is of what the researcher understood was said and of what the interviewees choose to say. The presence of members of the University Foreign Affairs Office during the group interviews with senior managers can be assumed to have affected the frankness of the views being expressed.

There were communications difficulties in translating concepts in English into Chinese and then back into English. The difficulties around the use of the word "strategy" illustrated how words have different meanings and are loaded with different values in different languages. A cue card in English and Chinese was required to overcome some of these difficulties. Access to the invisible and closed inner world of Chinese universities was gained only by using an intermediary and by becoming an "honorary" member of a *guanxi* network. The researcher's perceptions of the reality of the Chinese managers are unlikely to be accurate in all details.

It seems likely that there was some subject bias, at least at some of the universities, involving collusion between managers to present common view points. However the

general pattern of interviews was that the lower the rank of the manager, the less formal was the setting and conduct of the interview, and lesser ranked interviewees tended to express opinions that were not in line with the views expressed by the senior manager. Answers to questions about values included, usually obliquely, references to the role of the CPC. Whether the answers were genuine expressions of opinion is open to question given the potential consequences for individuals of expressing unconventional views.

Preserving the confidentiality of the institutions and individuals in the study has considerably reduced the potential richness of the data presented in the thesis. The material that is presented is a simplified report of the actual data collected.

10.5 Conclusions

The proposition investigated in this project was that major stakeholders in Chinese universities play a key role in the process of strategy formation. The research project represented an empirical test of the perceptions of the university managers in the study. They were asked to identify the key stakeholders, their interests, the methods by which they pursued their interests and their contribution to the process of strategy formation.

The managers in the study tended to focus on those groups with the power to affect the future of their university including teaching staff, governments, students, parents and enterprises. This is in line with the approach adopted by Bryson (1995) who defined stakeholders as any person, group or organisation that can make a claim on the organization's attention, resources or output, and is affected by that output.

The weighting given to teaching staff in the minds of the managers also may reflect the concept of "lowerarchy" as described by Bolman and Deal (1997, p. 202). They define the "lowerarchy" as those groups in middle and lower level positions who can devise ways to resist, divert, undermine and overthrow change efforts. The status given to teaching staff may also reflect the traditional Chinese view expressed in the writings of Sun Tzu that there is a need to ensure that the people have the same aim as the political leadership as a precursor to taking action (Cleary 1988). The teachers are considered to be important stakeholders because they have to implement the strategic plan.

The role of the key stakeholders in Chinese universities can be described using the framework developed by Weimer (1995) and combining Tables 6.6 and 7.5.

Table 10.1

Stakeholder	Contribution	Inducement	Power	Legitimacy	Urgency
Teachers	Intellectual Property Teacher Contact Hours Curriculum Development Pastoral Care	Salary and bonuses Improved methods Job security Attract famous professors	Medium	Low	Low
Government	Fixed Assets Funding Legislation and Regulation Quality Audits	Economic and social development Increased enrolments Reach international standards Improve quality	High	High	High
Students and Parents	Fees Feedback to university	Gain employment Improve the quality of programs Gain international experience Improve conditions	Medium	Low	High
Enterprises	Contribute to curriculum Provide Practical Experiences	Improve the quality of the workforce Gain special skills Recruitment in general	Medium	Low	Low

Although teachers were identified by the managers in the study as being the most important stakeholders, an analysis using the framework developed by Mitchell et al (1997) indicates that government is the definitive stakeholder having all three attributes of power, legitimacy and urgency. The Government has enabled some degree of choice among students as to which university they attend, which courses they take and has introduced a role for feedback on the quality of the student experience which has provided students and parents with a higher degree of salience as stakeholders. However it seems that the responses of University management are developed with reference to the perceptions of Government priorities as much as to the resolution of the issues. In other words University managers place a higher priority on meeting the requirements of the government, than on satisfying students and parents.

While teachers enjoyed some degree of power arising from the demand/supply relationship, in the other areas of legitimacy and urgency their influence was low. The position of teachers in Chinese society is somewhat ambiguous in that they are expected to sacrifice their interests for those of their students. Attempts to improve their working conditions could open teachers to the charge of pursuing their own individual interests at the expense of the collective.

While it could be argued that enterprises can potentially exert power through their role in recruiting graduates, their real influence seemed to be quite low compared to other stakeholders. Possibly in the future, enterprises will exert more influence on universities as they seek to ensure that the graduates they recruit will be well prepared for the workplace and will not require expensive re-training.

Given the general approach of the regime of President Hu it seems likely that Chinese universities will continue to develop as providers of skilled labour and researchers in areas of economic significance. However the significance of teachers, parents and students as stakeholders able to exert influence on the strategic direction of universities, seems more likely to diminish rather than to grow. Expressions of dissent are not welcomed by the Party.

Foreign universities wishing to develop relationships in China need to not only develop an understanding of the perspectives and goals of their potential partners, but also to seek to comprehend the limitations imposed by the authorities in pursuit of China's national objectives of improving general standards in universities of producing a few world class universities and becoming a net exporter of education.

In developing strategies for engagement with Chinese universities Australian universities should consider the potential complementarities between them. For example Chinese universities seem to be seeking to raise the quality of learning experience for their students by improving teaching standards and learning materials and providing international experiences for staff and students. The leading Chinese universities are well funded by the government. In contrast government funding for Australian universities contracted over the decade to 2006. This contraction in public funding has led to the pursuit of international activities by Australian universities including establishing foreign joint ventures in China, some of which have been unsuccessful in educational and financial terms (Lane 2006). Given the complexity of the Chinese domestic environment it seems likely that the future will see those Australian universities wishing to have multi dimensional relationships with Chinese universities, seeking to assist some of the leading Chinese universities to establish campuses in Australia. (Elsen-Green 2006)

The answers to the questions posed at the beginning of this thesis seem to be as follows:

- Strategy development in Chinese universities might operate from the top down where the President is a dominant figure, or it may involve an iterative process involving all stakeholders, or it may be a consultative process with significant input from the staff. Even if the President is a dominant figure in the University, formal endorsement of his strategy is required from the Party Committee which is said to represent the collective will, and which does represent the CPC.
- Strategy implementation relies on detailed planning from university level down to the level of individual performance plans and performance management based on regular reviews. There is a system of enforcement using penalties and rewards. Penalties can include demotion or dismissal. Rewards can include promotions, bonuses and pay rises.

- The process seems to vary between universities. For example private universities seem to have a more rigorous approach to performance management than universities in receipt of public funds.
- The learnings that were derived from this study about the development of joint ventures in education in universities could be applied to other joint ventures in education in China.

Appendix One

Hints for RMIT Staff Travelling in China

1. RMIT is one of a legion of foreign universities seeking to gain entry. China is about to begin culling poor quality projects. RMIT Business projects in Wuhan and Shanghai are highly regarded.
2. In China, government officials, no matter what their position, rank ahead of all other people.
3. Senior Chinese officials are very busy. Make arrangements well in advance. Do not cancel at short notice.
4. Allow ample time for travel between appointments. Traffic is unpredictable.
5. Allow your identified Chinese host to organise the travel arrangements and relax.
6. Allow some free time for reflection and recording notes. Also allow time for thoughts, ensuring you have correct documents, gifts. etc.
7. Remember your manners to the 9th degree. Watch your host's body language carefully. Listen also to what is not being said. Recognise when the event is over.
8. Take everything Australians tell you about China with a grain of salt. Check with Australian Government officials and the Chinese side.
9. Remember that you are a guest and your hosts are responsible for you. Try to co-operate with them at all times and recognise it if you impose burdens on them by not co-operating.

10. Prepare your discussion material in advance and do not expect immediate agreement, unless the issue/s were previously discussed.
11. Official banquets/dinners may include 10 or more courses, so you need to pace yourself and thus avoid disappointing your hosts (applies also to alcoholic beverage intake).
12. The Chinese take pride in showing off the sights of their cities/Provinces. You should allow time for this rather than decline their offer.
13. Be prepared for the unexpected. You may be asked to address a group of important people or meet a senior person/s at very short notice, during your China visit.
14. Avoid making disparaging remarks about Chinese political system, human rights issues, etc as you will certainly offend someone. Do not assume that drivers are unable to understand English.
15. Take care when dealing with seemingly minor Chinese officials. Rank, power and status are not always reflected in a person's title or position in China.
16. Be conscious of the language barrier, even if using an interpreter. Mandarin, like English, is a complex language so translations are rarely verbatim, and often require clarification.

August 2002

Appendix Two

Sample Letter to University President

1 August 2002

Dear President

Strategy Formation in Chinese Universities

I am currently investigating Strategy Formation in Chinese Universities with particular reference to the development of co-operative ventures with foreign universities.

I am attached to the Office of the Dean in the Faculty of Business at RMIT University.

Details are:

- Investigator: Ian Fraser
Associate Dean (International and Commercial Liaison)
B.Econ (Monash)
B Ed (Melb)
MBA (UNE)
PhD Candidate
- Supervisor:
 - Principal: Professor Clive Morley
Head, School of Management
RMIT University
 - Second: Professor Michael Singh
Faculty of Education, Language and Community Services
RMIT University

I seek your co-operation in conducting interviews with you and members of your staff who play managerial roles in co-operative ventures with foreign universities as well as senior staff who contribute to strategy formation.

I intend to interview middle and senior managers and managers of academic programs at a small number of Chinese universities. I believe that these people can provide their own insights into the process of strategy formation.

An outline of the topics to be covered during the interviews is attached.

I anticipate that these interviews will take up to two hours. I am aware of the need to treat the findings with the utmost confidentiality. Thus no source, individual or organisational, will be identified or comment attributed without the express permission of the originator. Participation in the research is voluntary and the participants may withdraw at anytime. Any information that has not been processed can also be withdrawn at any time.

.../

One of my intended outputs will be a report summarising each interview as well as a report summarising the findings. I intend to send a copy of these documents to each participant in the study to seek their feedback and comment.

Other intended outputs include articles for publication and a thesis report.

Benefits to your University of participation include the possible development of new understandings of your circumstances and processes in the context of the findings of the research about a group of Chinese universities. You will be able to compare various aspects of strategy formation in your university with strategy formation in other universities.

If confidentiality is required all steps necessary to protect the identity of the participants and their institutions will be undertaken. These steps will include the use of false names and the removal of any information that might identify individuals and/or institutions.

If you have any concerns about the project please contact the Chair of the RMIT Business Faculty Human Research Ethics Committee.

Professor Robert Brooks
Phone: 61 3 9925 5594
Fax: 61 3 9925 5595
Email: rdub@bf.rmit.edu.au

Please indicate if you are able to co-operate with this research project by signing the attached letter and returning it to me.

Yours sincerely

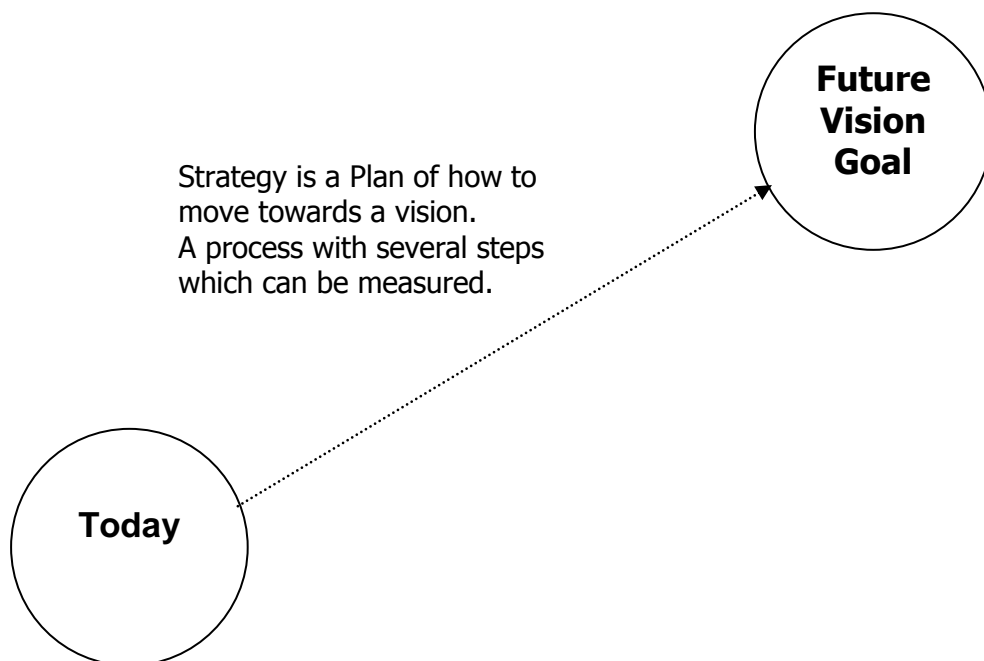


Ian Fraser
Associate Dean (International & Commercial Liaison)
RMIT Business
RMIT University

Appendix Three

Strategy Formation Diagram

The following two diagrams were provided to all interviewees at the beginning of the interviews in order to facilitate discussion on the topic of "Strategy Formation". Frequently there was a conversation with the interviewee seeking to establish a mutual understanding about how the questions related to the diagram.

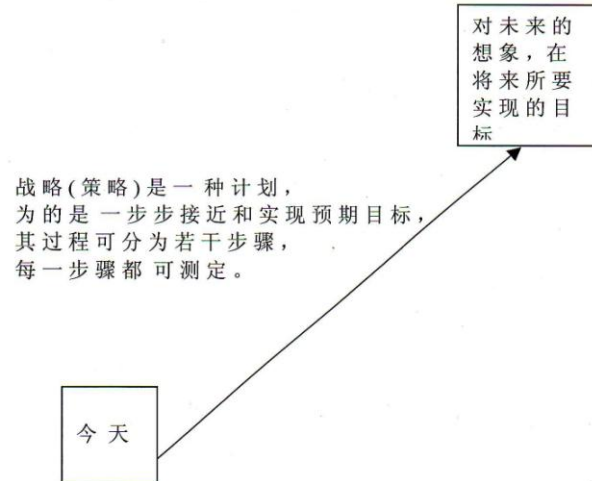


Strategy is part of a "think and do" chain.

The Strategy process involves

- Identifying the vision/goal/ideal situation
- developing scenarios
- formulating strategy and tactics – the steps to get to the ideal situation/goal
- evaluating progress along each of the steps
- evaluating whether there is a need to change the goal or the steps
- repeating the cycle

Strategy is about working out how to win whatever the activity is.



战略(策略)是“思考与行动”链上的环节。

战略(策略)的实施过程涉及以下方面：

- 确定想象中的未来 或要达到的 目标 或理想的状态是甚麽；
- 假设若干种不同的情景；
- 设计不同的策略与战术，亦即 设计 达到理想状态 或目标的 每一步骤；
- 对每一步骤的实施过程进行评估；
- 对是否有必要改变目标或相关步骤进行评估；
- 重复这一循环。

战略(策略)指的是如何才能在特定的任何一种游戏中获胜。

Appendix Four

The Purposes and Roles of Universities in China

Appendix Four contains details of the responses of each level of management at each university by times mentioned in the categories that emerged from the data.

Table A4.1

Senior Managers
The purposes and roles of Chinese universities
Times mentioned

		Serene Orchid University	Tiger Lily University	Peony Flower University	Ginkgo Tree University	Magnolia Flower University	Lotus Flower University	Total
1	Universities should serve the economy and industry	2	4	3	2	6	1	18
2	Universities should teach values	1	1	4	0	2	3	11
3	Universities should serve practical purpose and teach useful knowledge	1	0	4	0	0	0	5
4	Universities should serve the community and assist social development	0	0	1	1	2	0	4
5	Universities should help students to get jobs	0	0	0	1	1	0	2
6	Universities should have high academic level and a good reputation for research	0	0	0	1	0	0	1
	Total	4	5	12	5	11	4	41

Table A4.2

Middle Managers
The purposes and roles of Chinese universities
Times mentioned

		Serene Orchid University	Tiger Lily University	Peony Flower University	Ginkgo Tree University	Magnolia Flower University	Lotus Flower University	Total
1	Universities should teach values	1	2 negative	1	1	1	1	5 positive 2 negative
2	Universities should serve the economy and industry	1	0	0	2	1	1	5
3	Universities should serve practical purpose and teach useful knowledge	2	1	0	1	0	0	4
4	Universities should serve the community and assist social development	0	1	1	0	1	0	3
5	Universities should help students to get jobs	2	0	0	0	0	1	3
6	Universities should have high academic level and a good reputation for research	1	1	1	1	1	0	5
	Total	7	3-2	3	5	4	3	25-2

Table A4.3

Program Managers
The purposes and roles of Chinese universities
Times mentioned

		Serene Orchid University	Tiger Lily University	Peony Flower University	Ginkgo Tree University	Magnolia Flower University	Lotus Flower University	Total
1	Universities should teach values	1 (negative)	3	1	1	2	1	8 1(negative)
2	Universities should serve the economy and industry	2	0	1	2	0	0	5
3	Universities should serve practical purpose and teach useful knowledge	0	0	0	1	1	1	3
4	Universities should serve the community and assist social development	0	0	1	1	0	0	2
5	Universities should help students to get jobs	1	0	0	0	0	1	2
6	Universities should have high academic level and a good reputation for research	0	0	1	1	0	0	2
	Total	3-1	3	4	6	3	3	22-1

The Key Stakeholders

Table A4.4

Senior Managers The key stakeholders Times mentioned							
	Serene Orchid University	Tiger Lily University	Peony Flower University	Ginkgo Tree University	Magnolia Flower University	Lotus Flower University	Total
National Government	1	2	2	4	8	1	18
Local Government	12	5	1	5	4	0	27
Combined Government	13	7	3	9	12	1	45
Teaching Staff	4	8	6	11	6	3	38
Students	5	3	1	2	1	3	15
Parents	0	1	0	4	2	3	10
Enterprises	1	1	0	3	0	3	8
Total	23	20	10	29	21	13	116

Table A4.5

Senior Managers
Nature of stakeholders goals and interests
Times mentioned

	University Revenue	Increase Enrolments	Improve Quality of Programs	Improve Facilities	Meet Int'l Standard	Promote Economic & Social Development	Develop Western China	Help Low Income Students	Develop the Best Talent
Government	2	3	1	1	3	9	2	2	1
Academic staff	Gain Int'l Experience	Improve Conditions	Improve Methods	Improve Quality of Programs	Attract Famous Professors	Increase Salary and Bonuses	Sense of Achieve- ment	Job Security	
	1	1	2	1	2	2	1	1	
Students & Parents	Int'l Experience	Improve Conditions	Transfer to a Top Uni	Improve Quality of Programs	Gain Employment				
	1	2	2	3	4				
Enterprises	Improve Work Force	Accumulate Wealth	Gain Special Skills						
	5	1	2						

Table A4.6

Middle Managers
The Key Stakeholders
Times mentioned

	Serene Orchid University	Tiger Lily University	Peony Flower University	Ginkgo Tree University	Magnolia Flower University	Lotus Flower University	Total
National Government	3	4	2	1	3	1	14
Local Government	1	3	3	3	2	1	13
Combined Government	4	7	5	4	5	2	27
Teaching Staff	0	6	6	7	2	3	24
Students	3	3	5	5	5	2	23
Parents	0	2	0	1	2	0	5
Enterprises	1	0	0	1	3	2	7
Total	8	18	16	18	17	9	86

Table A4.7

Middle Managers				
Nature of Stakeholders Interests and Goals				
Times mentioned				
	Enrolments to Grow	Promote Economic and Social Development	Support Local Government Strategy	
Government	2	3	0	
Academic Staff	Job Security			
	1			
Students	Status of Uni	Employment/Job Entrepreneur	Control what happen to kids	International Experience
	1	4	1	1
Enterprises	Skilled Work Force			
	6			

Table A4.8

Program Managers
The Key Stakeholders
Times mentioned

	Serene Orchid University	Tiger Lily University	Peony Flower University	Ginkgo Tree University	Magnolia Flower University	Lotus Flower University	Total
National Government	0	1	1	1	2	2	7
Local Government	5	3	1	6	1	1	17
Combined Government	5	4	2	7	3	3	24
Teaching Staff	14	6	6	15	3	14	58
Students	6	5	5	8	6	11	41
Parents	4	3	0	2	1	1	11
Enterprises	0	0	0	0	0	4	4
Total	29	18	13	32	13	33	138

Table A4.9

Program Managers
Nature of Stakeholders Goals and Interests
Times mentioned

Government	University Revenue	Increase Enrolments	Improve Quality of Programs	Improve Facilities	Meet International Standard	Promote Economic & Social Development	Improve Research
	0	1	4	0	2	3	1

Teachers	Gain Int'l Experience	Improve Conditions	Improve Methods	Improve Quality of Programs	Attract Famous Professors	Increase Salary	Improve Task	Job Security	Research
	1	0	1		1	1	1	1	2

Students	Int'l Experience	Improve Conditions	Transfer to Higher Rank Uni	Improve Quality of Programs	Gain Employment	Develop Materials	Future Reputation
	3	0	0	3	4	0	1

The Means by which Stakeholders pursue their Interests

Table A4.10

Senior Managers

The means by which stakeholders pursue their interests

Times mentioned

Approvals												Total
Government	Polices And Political Support	Strategic Plan	Budget and Finance	Audit and Reporting	Enrolment Plan	New Programs	Fees	Composition of Staff	Salary Levels	Management Appointment	Foreign Partners and Chinese Managers	
	9	6	14	7	9	3	2	1	1	1	2	55
Input into Plans												
Teaching Staff	Shortage of Teachers	Union	Senior Professors	Academic Board/ Academic Program	Special Depts	General Meeting	Input Info into Marketing Brochure	Contracts and Performance Management	Salary conditions and Recruitment	Contribution to Strategic Plan		
	2	2	3	3	1	1	1	10	6	8		29
Students and Parents	Choice of Institution	Ability to Transfer	Complaints about Conditions and Quality	Rating of Teachers	Credit System	Student Union	Fees	Values				
	10	2	2	1	8	1	5	2				31
Enterprises	Recruitment of Graduates	Provision of Internships	As targets for Marketing	Private University								
	7	2	2	1								12

Table A4.11

Middle Managers

The means by which stakeholders pursue their interests

Times mentioned

Government	Policies and Political Support	Strategy	Budget and Finance	Audit and Reporting	Enrolment Plan	New Programs	Approval		Composition of Staff	Salary Levels	Management Appointment	Total
							Fees					
	5	1	18	6	9	3	0		0	0	0	41

Teaching Staff	Shortage of Teachers	Union	Senior Professors	Academic Board/ Academic Program	Special Depts	General Meeting	Contracts and Performance Management	Salary Conditions and recruitment	Contribution to Strategic Plan	Complaints	Total
	5	3	1	1	0	1	12	7	6	2	38

Students and Parents	Choice of Institution	Ability to Transfer	Complaints about Conditions and Quality	Rating of Teachers	Credit System	Student Union	Fees	Values	Total
	19	0	16	1	3	2	2	1	44

Enterprises	Recruitment of Graduates	Provision of Internships	Donations	Influence Program	As Targets for Marketing	Private University	Total
	5	0	1	1	3	1	11

Table A4.12

Program Managers

The means by which stakeholders pursue their interests

Times mentioned

Government	Policies and Political Support	Strategic Plan	Budget and Finance	Audit and Reporting	Enrolment Plan	New Programs	Approval		Composition of Staff	Salary Levels	Management Appointment	Total
							Fees					
	12	1	11	10	6	3	0	0	0	0	0	43

Academic Staff	Shortage of Teachers	Union	Senior Professors	Academic Board/ Academic Program	Special Depts	General Meeting	Contract and Performance Management	Salary Conditions and Recruitment	Contribution to Plan	Complaints	Total
	2	0	3	5	0	1	24	17	12	0	64

Students	Choice of Institution	Ability to Transfer	Complaints about Conditions and Quality	Rating of Teachers	Credit System	Student Union	Fees	Vales	Total
	29	0	15	1	7	1	2	17	72

Enterprises	Recruitment	Provision of Internship	As Targets for Marketing	Private University	Total
	2	1	1	1	5

Strategy Development and Implementation

Table A4.13

Senior Managers
Methods of developing plans
Times mentioned

	Serene Orchid University	Tiger Lily University	Peony Flower University	Ginkgo Tree University	Magnolia Flower University	Lotus Flower University	Total
President Decides	1	0	0	0	1	1	3
President Involved	0	1	0	1	0	0	2
Party Secretary	0	0	0	0	0	0	0
Board/Council	0	0	0	0	0	-1 (No)	-1
Other Senior Managers	1	0	0	1	0	0	2
Alumni	0	1	0	1	0	0	2
Govt	1	1	0	1	0	0	3
Staff	1	2	0	2	2	0	7
Detailed Plan	0	1	0	0	0	0	1
Brochures	0	0	0	1	0	0	1
Total	4	6	0	7	3	1-1	21-1

Table A4.14

Senior Managers								
Methods of implementing plans								
Times mentioned								
		Serene Orchid University	Tiger Lily University	Peony Flower University	Gingko Tree University	Magnolia Flower University	Lotus Flower University	Total
Detailed Plan		0	1	0	0	0	0	1
Performance	Depts	0	1	0	0	0	0	1
Management	Staff	0	1	1	1	1	0	4
Penalties		0	1	1	1	1	0	4
List of Actions taken by Senior Manager		1	0	0	0	0	1	2
Total		1	4	2	2	2	1	12

Table A3.15

Middle Managers							
Methods of developing plans							
Times mentioned							
	Serene Orchid University	Tiger Lily University	Peony Flower University	Ginkgo Tree University	Magnolia Flower University	Lotus Flower University	Total
President decides	0	0	1	0	0	0	1
Party Secretary	0	0	1	0	0	0	1
Consultation Meetings	0	0	0	0	0	0	0
Board/Council/Party Committee	0	0	1	0	0	0	1
Senior Managers	0	1	1	0	0	0	2
Alumni	0	0	0	0	0	0	0
Government	0	0	0	1	0	0	1
Staff	0	0	1	2	0	0	3
Detailed Plan	0	0	1	1	0	0	2
Publication	0	0	0	-1 (No)	0	0	-1
Total	0	1	6	4-1	0	0	11-1

Table A4.16

Middle Managers
Methods of implementing plans
Times mentioned

	Serene Orchid University	Tiger Lily University	Peony Flower University	Ginkgo Tree University	Magnolia Flower University	Lotus Flower University	Total
Detailed Plan	0	1	0	1	0	0	2
Review	0	1	0	0	0	0	1
Performance Management							
Department	0	1	1	0	0	0	2
Staff	0	1	2	1	0	0	4
Penalties	0	1	0	1	0	1	3
List of Actions	0	0	0	0	0	0	0
Praise	0	0	0	1	0	0	1
Bonus/Pay Rise	0	0	0	1	0	1	2
Annual Review	0	0	2	1	0	0	3
Publication	0	0	0	0	0	0	0
Total	0	5	5	6	0	2	18

TableA4.17

Program Managers							
Methods of developing plans							
Times mentioned							
	Serene Orchid University	Tiger Lily University	Peony Flower University	Ginkgo Tree University	Magnolia Flower University	Lotus Flower University	Total
President decides	0	1	0	1	0	0	2
Party Secretary	0	0	0	0	0	0	0
Board/Council/Party Committee	1	0	1	0	1	1	4
Senior Managers	2	0	1	0	0	0	3
Alumni	0	0	0	0	0	0	0
Government	0	1	1	1	0	1	4
Staff	0	1	3	1	0	2	7
Detailed Plan	0	0	1	1	1	1	4
Publication	0	0	0	0	0	0	0
Total	3	3	7	4	2	5	24

Table A4.18

Program Managers							
Methods of implementing plans							
Times mentioned							
	Serene Orchid University	Tiger Lily University	Peony Flower University	Ginkgo Tree University	Magnolia Flower University	Lotus Flower University	Total
Detailed Plan	0	0	1	1	1	0	3
Review	2	1	1	0	1	0	5
Performance Management							
Department	0	0	0	0	0	0	0
Staff	5	1	0	2	0	1	9
Penalties	0	0	1	3	0	1	5
List of Actions	0	0	0	0	0	0	0
Praise	0	0	0	0	0	0	0
Bonus/Pay Rise	0	1	0	1	0	0	2
Annual Review	0	0	0	0	0	0	0
Total	7	3	3	7	2	2	24

Foreign Joint Ventures in Education in China

Table A4.19

Senior Managers
The goals and objectives of foreign joint ventures
Times Mentioned

	Serene Orchid University	Tiger Lily University	Peony Flower University	Ginkgo Tree University	Magnolia Flower University	Lotus Flower University	Total
Reach international standards	1	0	0	0	0	0	1
Opportunities for Chinese to study offshore	1	0	0	0	2	0	3
Staff and students develop a global perspective	1	0	1	0	1	0	3
Train Chinese lecturers	2	0	0	0	0	0	2
Raise the quality of teaching materials	2	0	0	0	1	0	3
Raise teachers international experience	1	0	1	0	1	0	3
Develop research	0	0	1	0	0	0	1
Attract international teachers and students to China	0	0	0	0	1	0	1
Money is not an objective	1	0	1	0	0	0	2
Funds generated are useful	0	0	0	1	1	0	2
Total	9	0	4	1	7	0	21

Table A4.20

Senior Managers
The lessons learned from dealing with foreigners
Times Mentioned

	Serene Orchid University	Tiger Lily University	Peony Flower University	Ginkgo Tree University	Magnolia Flower University	Lotus Flower University	Total
Take a long term view	1	0	0	1	0	0	2
Need time to bridge gaps in culture and values	1	1	0	0	0	0	2
Effective communication channels	1	0	0	0	0	0	1
Understand the legal system on both sides	0	0	1	0	0	0	1
Deal with universities of equal status	1	0	1	0	0	0	2
Relationships between staff on both sides are important	0	0	0	1	0	0	1
Relationship should be based on equality	0	0	0	0	0	1	1
Total	4	1	2	2	0	1	10

Table A4.21

Middle Managers
The goals and objectives of foreign joint ventures
Times Mentioned

	Serene Orchid University	Tiger Lily University	Peony Flower University	Ginkgo Tree University	Magnolia Flower University	Lotus Flower University	Total
Reach international standards	0	0	0	0	1	0	1
Opportunities for Chinese to study offshore	0	1	1	0		0	2
Staff and students develop a global perspective	0	0	0	0	1	0	1
Train Chinese lecturers	2	0	1	0	1	0	4
Raise the quality of teaching materials	2	1	0	0	1	0	4
Raise teachers international experience	1	0	0	0	0	0	1
Develop research	0	0	1	0	0	0	1
Attract international teachers and students to China	1	0	1	0	0	0	2
Money is not the objective	1	0	0	0	1	0	2
Funds generated are useful	1	0	0	0	0	0	1
Total	8	2	4	0	5	0	19

Table A4.22

Middle Managers							
The lessons learned from dealing with foreigners							
Times Mentioned							
	Serene Orchid University	Tiger Lily University	Peony Flower University	Ginkgo Tree University	Magnolia Flower University	Lotus Flower University	Total
Take a long term view	0	0	0	0	0	0	0
Need time to bridge gaps in culture and values	0	1	0	1	0	0	2
Effective communication channels	0	0	0	1	1	0	2
Understand the legal system on both sides	0	0	0	1	0	0	1
Deal with universities of equal status	2	0	0	0	0	0	2
Relationship between staff on both sides are important	0	0	0	0	0	0	0
Relationship should be based on equality	0	0	0	0	2	0	2
Need to recognise the differences between generations in term of attitudes to the west	0	0	0	1	0	0	1
Total	2	1	0	4	3	0	10

Table A4.23

Program Managers
The goals and objectives of foreign joint ventures
Times Mentioned

	Serene Orchid University	Tiger Lily University	Peony Flower University	Ginkgo Tree University	Magnolia Flower University	Lotus Flower University	Total
Reach international standard	1	0	0	0	1	0	2
Opportunities for Chinese study offshore	0	0	0	0	0	0	0
Staff and students develop a global perspective	0	0	1	0	0	0	1
Train Chinese lecturers	1	0	1	0	0	0	2
Raise the quality of teaching materials	1	0	1	0	0	0	2
Raise teachers international experience	1	0	1	0	0	0	2
Develop research	1	0	0	1	0	0	2
Attract international teachers and students to China	1	0	0	0	0	0	1
Attract Chinese students and staff	0	0	1	0	0	1	2
Money is not an objective	0	0	0	0	0	0	0
Funds generated are useful	0	0	0	0	0	0	0
Total	6	0	5	1	1	1	14

Table A4.24

Program Managers The lessons learned from dealing with foreigners Times Mentioned							
	Serene Orchid University	Tiger Lily University	Peony Flower University	Ginkgo Tree University	Magnolia Flower University	Lotus Flower University	Total
Take a long term view	1	0	0	0	1	1	3
Need time to bridge gaps in culture and values	2	1	0	0	0	1	4
Effective communication channels	3	0	0	0	1	0	4
Understand the legal system on both sides	0	0	0	0	0	0	0
Deal with universities of equal status	0	0	0	0	0	0	0
Relationship between staff on both sides is important	1	0	0	0	0	0	1
Relationships should be based on equality	2	1	0	0	0	0	3
Need to recognise the differences between generations in terms of attitude to the west	0	0	0	0	0	0	0
Total	9	2	0	0	2	2	15

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It should be noted that none of the above mentioned individuals participated in the interviews that form the basis of this research report.

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